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EDUCATION LEGISLATION, 1968

HEARINGS

BEFORE THE

SUBCOMMITTEE ON EDUCATION

OF THE

COMMITTEE ON LABOR AND PUBLIC WELFARE

UNITED STATES SENATE

NINETIETH CONGRESS

SECOND SESSION

ON

S. 3098

TO AMEND THE HIGHER EDUCATION ACT OF 1965, THE NATIONAL DEFENSE EDUCATION ACT OF 1958, THE NATIONAL VOCATIONAL STUDENT LOAN INSURANCE ACT OF 1965, THE HIGHER EDUCATION FACILITIES ACT OF 1963, AND RELATED ACTS

S. 3099

TO AMEND THE VOCATIONAL ACT OF 1963, AND FOR OTHER PURPOSES

AND RELATED BILLS

PART 2

MARCH 13, 25, AND 26, 1968

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

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U.S. GOVERNMENT PRINTING OFFICE

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EDUCATION LEGISLATION, 1968

WEDNESDAY, MARCH 13, 1968

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

The subcommittee met, pursuant to recess, at 10:30 a.m., in room 4232, New Senate Office Building, Senator Ralph Yarborough presiding pro tempore.

Present: Senators Yarborough (presiding pro tempore), Randolph, Javits, and Dominick.

Committee staff present: Charles Lee and Charles Carleton, professional staff members; Richard D. Smith, associate counsel; and Roy H. Millenson, minority clerk.

Senator YARBOROUGH. The Subcommittee on Education will come to order and we will continue the hearings on the student loan programs under the proposed provisions of S. 3098, the administration bill introduced by Senator Morse on March 5, 1968.

I am pleased to welcome you back to this seminar type of roundup that Senator Morse is famous for, having instituted it before his subcommittee. Each of you has had an opportunity to review the papers presented yesterday and at other times in other hearings. With your own knowledge of the program, I think each of you has clearly in your own mind the issues which are before us in these proposals. What we hope to accomplish by this format is to stimulate a constructive discussion which will pinpoint for this subcommittee the areas of agreement that exist on the bill and just as important, the areas with which your positions are at variance.

Perhaps this can best be done if those of us on the committee will start the discussion by some pointed questions to each of you to help get the ball rolling. It is my hope that you will each feel free to interrupt one another to clarify a point or offer a suggestion.

As I said yesterday, I believe we should make no mistake about it, decisions will be reached by this subcommittee on this legislation this year and reporting to the full committee in time for action this year; and I believe the full committee will act in time for action by the Senate.

This is true since if we took no action, that in itself would be action because it would help shape the program for years to come, for better or worse. It is, therefore, of vital importance for us to receive from you in this final session on this phase of the higher education bill the very best advice that you can give us. In giving it, I hope you will not be bound by any previous position you may have taken if you think of something which is a sounder position, but in the interest of getting

established a sound, workable, insured loan program or other program of student financing, be prepared to concede that we can be sacrificed without loss of principle or claim or state a stronger or different position than you did yesterday if you think the facts justify it.

It is not like a pleading in the court, where if you file a pleading one day, you are bound by it the rest of the proceeding. This is a Government hearing, you are not under oath. You are responsible, intelligent leaders in this field and the entire Nation and we look to you to give us the benefit of your counsel and advice, and I think it will help us greatly.

Each of you has an opportunity to break in any time you want to on each other's statement or disagree after that. I will not wait to call on you separately. I may call on you separately for answers to questions.

This morning, we have a member of the subcommittee with us who could not be with us yesterday, Senator Jennings Randolph of West Virginia, who is one of the most active members on this subcommittee. He is a college teacher himself. He has served on the governing board of three different colleges and universities, I think, on two of them at the same time. He has one of the most unusual records in that respect of any one of my acquaintance. I think his experience as a college teacher and college governing board member has brought to this committee a great knowledge that has been of great help to us, particularly in this field of higher education over a period of years. He is a diligent worker.

Senator Randolph, it is a great pleasure for me to see you here this morning as we reach the crucial, important part of this hearing, where we will take these panels, each of whom gave their papers yesterday, and have a roundtable discussion.

We have a list here that is supposed to represent those who could come back today. I want to call your names. You will indicate if you are here, and see if any others have come who are not on the list, or if some on the list were not able to make it.

Dr. Peter Muirhead, Associate Commissioner for Higher Education, I know is here; Mr. James Moore, Director of the Division of Student Financial Aid at the Bureau of Higher Education; Mr. Edson Sample, director of student financial assistance in Indiana University; Dr. Critchfield, dean of students at the University of Pittsburgh; Dr. Purdy, director of student financial assistance at the University of Missouri; Kenneth Reeher, executive director, Pennsylvania higher education assistance agency; Mr. Allen D. Marshall, director of the United Student Aid Fund of New York; Dr. Charls Walker, executive vice president of the American Bankers Association, New York; and Mr. John J. Kirkpatrick, vice president, college entrance examination board.

I understand Mr. Weiss and Mr. Snyder are here.

Mr. Barr, I think, could still not engage in this discussion.

Mr. WIESS. I am afraid not.

Senator YARBOROUGH. I understand from the staff there could not be chairs for everybody at the table, but I want you gentlemen to know you are free to make any comment or answer any questions.

STATEMENTS OF PETER MUIRHEAD, ASSOCIATE COMMISSIONER FOR HIGHER EDUCATION; JAMES MOORE, DIRECTOR, DIVISION OF STUDENT FINANCIAL AID, BUREAU OF HIGHER EDUCATION; EDSON SAMPLE, DIRECTOR, STUDENT FINANCIAL ASSISTANCE, INDIANA UNIVERSITY; JACK CRITCHFIELD, DEAN OF STUDENTS, UNIVERSITY OF PITTSBURGH; ALLAN PURDY, DIRECTOR, STUDENT FINANCIAL ASSISTANCE, UNIVERSITY OF MISSOURI; KENNETH REEHER, EXECUTIVE DIRECTOR, PENNSYLVANIA HIGHER EDUCATION ASSISTANCE AGENCY; ALLEN D. MARSHALL, PRESIDENT AND CHIEF EXECUTIVE OFFICER, UNITED STUDENT AID FUNDS, INC.; CHARLS E. WALKER, EXECUTIVE VICE PRESIDENT, THE AMERICAN BANKERS ASSOCIATION; AND JOHN J. KIRKPATRICK, VICE PRESIDENT, COLLEGE ENTRANCE EXAMINATION BOARD—Continued

Mr. MARSHALL. Could I state for the record that our counsel, Mr. McCabe, is still with me.

Senator YARBOROUGH. Yes; that was the purpose of calling the roll, to see who is here.

What are the initials?

Mr. MCCABE. Edward A. McCabe.

Senator YARBOROUGH. Thank you.

NUMBER OF INSURED LOANS UNDER THE PROGRAM

Dr. Muirhead, I will ask you a question for the record. We need this clarified.

Of the 765,000 students in the direct insurance program—I understand that is the number now, approximately.

Mr. MUIRHEAD. That is correct, sir.

Senator YARBOROUGH. How many of them are from the States, such as New York, which had their own State loan programs prior to passage of the Higher Education Act, of the total of 765,000?

Mr. MUIRHEAD. We will get the precise numbers for the record, Senator, but a very significant number of the total you mentioned are in States with well-established programs such as New York, Pennsylvania, Illinois, and New Jersey.

The total from New York of the 765,000 that you mentioned is 160,000.

Senator YARBOROUGH. 160,000 from the State of New York alone?

Mr. MUIRHEAD. Yes.

EFFECT OF PRE-EXISTING PROGRAMS

Senator YARBOROUGH. Do you feel that their preexisting loan program at the State level is one cause of the large number there, that they had experience with that?

Mr. MUIRHEAD. Yes, I do. I think that the New York State program, as is the case with a number of other programs that had started before the Federal effort was mounted, has gained experience, has developed a fine working relationship with the lenders, and has had good public support in the State for providing sufficient guaranteed funds to carry on the program.

I would venture the opinion, Senator Yarborough, that the performance of these established programs is sort of a harbinger of what might happen in a number of other States as they gain additional experience.

Senator YARBOROUGH. In other words, of this guaranteed loan program, over 20 percent of the participants are in New York State alone?

Mr. MUIRHEAD. That is right, sir.

EFFECT OF FEDERAL INSURANCE OF PRIVATE LOAN PROGRAMS

Senator YARBOROUGH. You heard Mr. Marshall yesterday. Do you feel that this guaranteed loan program is any threat to their State program?

Mr. MUIRHEAD. I do not feel that the proposals now before the committee are in anyway a threat to the operation of the State programs. Indeed, the proposals are intended to strengthen, augment, and hopefully improve the State programs.

Senator YARBOROUGH. Can you provide us—it may take a little time, and I do not want to take time now—with copies of the student guaranteed loan application form in each of those State programs?

Mr. MUIRHEAD. We will be pleased to do so, sir.

STUDENTS ASSISTED UNDER THE USAF PROGRAM

Mr. MARSHALL. Senator, could I just mention the fact that there are same 200,000 students that we have assisted in the United Student Aid program.

Senator YARBOROUGH. In New York State alone?

Mr. MARSHALL. No; throughout all the States. We will be glad to furnish you a copy of our breakdown.

Senator YARBOROUGH. We would be glad to have that, a breakdown of the States.

I understand your position, Mr. Marshall, is different from the position of the administration on this. We had your paper yesterday.

Mr. MARSHALL. Yes, you have it.

(The table referred to follows:)

	Private Os (+ some 1s + 3s)	State (1s + 4s)	Federal (2s + 5s)	Total
Missouri	$4,951,937.13		$4,037,665.95	$8,989,603.08
Montana	967,552.21		779,008.94	1,746,561.15
Nebraska	1,766,746.02		1,381,182.19	3,147,928.21
Nevada	162,957.77		478,734.50	641,692.27
New Hampshire	13,300.00			13,300.00
New Jersey	106,881.61			106,881.61
New Mexico	1,892,037.50	$1,036,172.73	1,044,150.50	3,972,360.73
New York	448,231.30			448,231.30
North Carolina	109,405.27			109,405.27
North Dakota	1,394,976.99		845,096.80	2,240,073.79
Ohio	1,461,355.48			1,461,355.48
Oklahoma	645,209.77		101,702.07	746,911.84
Oregon	1,116,134.99		1,511,286.15	3,627,421.14
Pennsylvania	2,044,080.34	801,244.87		2,845,325.21
Puerto Rico	597,328.00		2,803,125.75	3,400,453.75
Rhode Island	38,529.15			38,529.15
South Carolina	2,683,269.50		1,569,263.94	4,252,533.44
South Dakota	1,931,359.61	1,429,833.81	831,192.77	4,192,386.19
Tennessee	1,274,754.72		460,757.15	1,735,511.87
Texas	3,335,541.14		6,257,866.52	9,593,407.66
Utah	18,839.60		1,050,520.14	1,069,359.74
Vermont	1,310,170.16			1,310,170.16
Virginia	434,490.53		1,150,163.88	1,584,654.41
Washington	2,571,847.21		2,637,093.88	5,208,941.09
West Virginia	946,643.34		1,855,538.41	2,802,181.75
Wisconsin	851,067.76			851,067.76
Wyoming	548,334.72		765,564.77	1,313,899.49

ADMINISTRATION OF THE PROGRAM IN THE DISTRICT OF COLUMBIA

Senator YARBOROUGH. We will come back to that a little later. I want to ask Dr. Muirhead a question about the District of Columbia here.

In this list furnished, it says the program was established, the guaranteed student loan program, was established in the District of Columbia on August 25, 1966. We had letters and complaints in my office as late as last fall from students interested in participating in that program, saying they were unable to find lenders in the District of Columbia to lend money. Are you familiar with the situation here locally in the District of Columbia, Mr. Muirhead?

Mr. MUIRHEAD. Yes, Senator, we are familiar with it and we probably can match the letters that are in your office expressing dissatisfaction with the opportunity for loans in the District of Columbia. The program got off to a very halting start in the District of Columbia. I am pleased to report, however, that the Banking Committee in the District of Columbia has now moved to participate in the program and to set up a quota system whereby they will provide an amount of money for loans for District of Columbia residents. There was some discussion with the Banking Committee in the District of Columbia as to whether or not the accepted guarantee rate, which is pretty well established at a level of about 10 to 1 throughout the country, was indeed a rate that they felt would meet their needs. This has been resolved and the bankers in the District of Columbia are now participating in the program.

They have set the program up at a little different rate than is the case in other parts of the country, requiring that there shall be on hand guaranteed funds that would be in the ratio of 4 to 1 rather than 10 to 1. But I am reasonably sure, Mr. Chairman, that as they gain additional experience with the program, they, too, will come to accept the experiences of the other States in establishing a guarantee rate possibly closer to 10 to 1.

DIFFICULTIES IN OBTAINING LOANS

Senator YARBOROUGH. I mentioned yesterday, Dr. Muirhead, the complaints that I have had of prospective borrowers from private lenders, lending institutions of different types. I had more of those from the District of Columbia than from any other jurisdiction, maybe because we are close by here and it is easy for them to phone in.

But we have had a good many write and say they are required to get surety on the note or establish credit references, as they would if they were getting a Western Union credit card or various other things, all these other requirements in addition to the Federal Government's guarantee of the loan. They seem to want some guarantee other than the Federal Government's guarantee of the loan. I hope that problem has been ironed out to some extent with the lending institutions.

Mr. MUIRHEAD. I must assure the committee that the program has not been without its problems. That is not surprising. The program started at a time when the conditions for its establishment were not wholly favorable. We have had difficulties, but I, for one, would feel that we would have to put those difficulties against the background of the accomplishment of the program thus far. And those accomplishments have been rather significant.

We have had tremendous support from the bankers throughout the Nation. There are exceptions, but I think that it would be unfortunate for us to aproach any development of policy on the basis of exceptions.

There has been just tremendous support, and the figure that you quoted a moment ago is probably the best evidence of that. About 765,000 young people have been able to receive loans under this program, a figure that is considerably in excess of the number of young people being supported under the very well-established and long-standing NDEA program.

Senator YARBOROUGH. I agree with you. I think 765,000 speaks well for the program. That you have three-quarters of a million students attending institutions of higher learning under this program is certainly a strong endorsement of the program.

ROLE OF UNITED STUDENT AID FUND WITH REINSURANCE OF STATE RESOURCES

Yesterday, Mr. Marshall of the United Student Aid Fund said that if Congress enacted this 80-percent reinsurance program, the United Student Aid Fund would not be interested in functioning under the authority.

If that were done and if they were not interested in functioning, what would the Office of Education do in that circumstance to meet that situation, Dr. Muirhead?

Mr. MUIRHEAD. First of all, let me report that we have found that the United Student Aid Fund has been a very important and effective partner in carrying on this program. I would also like to report that we continue to hope that they will remain an effective and working partner in carrying on the program. The program will work more effectively if we have a nonprofit private agency as part of the operation of the program.

I would say, Senator Yarborough, that we are continuing to court the United Student Aid Fund to persuade them to stay as a working partner in the program.

Now, with regard to whether or not the reinsurance procedure would in any way destroy the participation of the States, our feeling is the direct oposite: that the reinsurance provision is a very necessary part of getting strong, effective State agencies operating in this program.

Mr. WALKER. Senator, could I comment on that?

Senator YARBOROUGH. Yes.

POSITION OF THE AMERICAN BANKERS ASSOCIATION ON REINSURANCE

Mr. WALKER. I can't speak for the State, but of course, Dr. Reeher yesterday pointed out the strong endorsement of the reinsurance proposal on the part of the people he is speaking for.

Speaking for the American Bankers Association, we would be pleased to work as strongly as we could with the Office of Education and any other groups to get viable, effective State plans set up in these other States. I am optimistic, looking back at what has been done in a very short period of only a couple of years, that this prob-

lem could be pretty well mounted and whipped by the time the direct Federal program would expire in 1970, if you accept these amendments.

Senator YARBOROUGH. You mean by the time the NDEA loans expire?

Mr. WALKER. No, sir; by the time the standby direct Federal program, which has been activated in 19 States, and which would be a stopgap to provide for the——

Senator YARBOROUGH. For the State agencies?

Mr. WALKER. That is correct.

Senator YARBOROUGH. I misunderstood you at first. We have to be ever alert to defend the NDEA loan fund. If we ever turn our backs, it is assassinated. It is $250 million. I wish we were putting out a billion under that program this year without stopping this guaranteed loan program. With 6 million students in college and the estimate is that if they can get the money, there will be 12 million there in 10 years, we will need a greatly expanded NDEA program; a greatly expanded loan program. We need more study, more scholarships, more fellowships. It will take all of this in every field of financing to care for 12 million students.

Mr. Marshall, I have a question for you.

PURPOSE OF THE PROGRAM

Yesterday you quoted the preamble to the loan provisions of the Higher Education Act of 1965, as follows:

> The purpose of this part is . . . to encourage States and nonprofit institutions and organizations to establish adequate loan insurance program for students in eligible institutions.

Now, in checking on the law you quoted from, I find this further language: the purpose of the law is "to provide a Federal program of student loan insurance for students that do not have reasonable access to private nonprofit student loan insurance."

Would you agree then, that the obvious intent of the Congress in passing this act was to help students rather than to encourage either State institutions or private agencies?

Mr. MARSHALL. Certainly.

As a matter of fact, that is the purpose of our organization, first and foremost, to provide a mechanism by which the needy and deserving student can borrow the money. That is the primary purpose. The mechanism by which you can do that could be either State, nonprofit, private, or Federal.

I think I would be forced to agree with Dr. Muirhead and Dr. Walker that within a period of 2 to 3 years, the 80-percent coinsurance program could be made effective. It took us a few years to build our program, to make it effective in all the States. But the point we make is that during that time to take care of students, the direct Federal insurance would have to be effective. If therefore, the State has a direct Federal insurance program in effect, it would be foolish for it to appropriate the money necessary for the 80-percent coinsurance program. We may take it a step back to a position where the States will be required to appropriate money.

Mr. WALKER. This is why it has to be made clear that the direct Federal insurance will expire on schedule and that the States that do not act to take care of their young people will act.

Senator YARBOROUGH. As I see the general scope of the legislation, the purpose of all this legislation is to enable young people to go to college who have the capacity to assimilate enough information there to be of benefit to this economy, this Nation, themselves, and their family; in other words, make it economically feasible for the society to furnish the education. I do not view this as a contest in Federal-State relations, or an attempt, as some say, to federalize the schools or to limit State authority. I think that all of these methods are meaningful, all are beneficial. But from my experience in college, I think the best method of all is scholarships; and next best is the college or Federal Government loans. We are not looking at this as bankers.

We have got to get this money back in the Treasury tomorrow. Failing, since we do not have enough money for that, I think we turned to these guaranteed loans to get people into college simply because we have failed to furnish enough scholarships, failed to furnish enough fellowships, failed to furnish enough NDEA money. The State programs, the voluntary programs which you mentioned were started back there before we had these Federal programs. They were there first. It is not to try to limit or fill these voluntary unitary programs. They were there, too.

Mr. MARSHALL. Could I comment on that just for a moment?

We would not, of course, be going out of business, even though we did not administer the 80-percent coinsurance program. Over 60 percent of our total loan volume of some $190 million is based on private funds that have been given to us by corporation, philanthropists, and colleges and under certain contractual arrangements and directions on how to use it.

And we would continue to try to use that.

LENDING INSTITUTIONS

Senator YARBOROUGH. I do not think you would ever go out of business because you have the nearest thing to the academic approach. The student looking for a loan and unable to find it at the school, would try yours, and if unable to get it there, they as a last resort, would go to the bank, simply because when you graduate, the bank—they are created to make a profit for the stockholders. The directors that own that bank have to give an accounting for how they use the money.

Mr. WALKER. Senator, I would like to comment on that.

As Mr. Marshall can point out, it is the banks that make the United Student Aid Funds program work.

Mr. MARSHALL. Right.

Mr. WALKER. We are the ones that make the loans.

With respect to stockholder institutions, the estimated 70 to 80 percent, somewhere in that range of the loans made under this program are by stockholder-owned commercial banks as contrasted with nonstockholder owned mutual institutions such as savings and loan associations and credit unions which are authorized to make the loans. I think that is a very significant figure.

Senator YARBOROUGH. Well, I do, too. You would think—the credit unions boast of how they look after the borrower rather than the lender. I am a strong supporter of credit unions. You would think they would move into this field with great alacrity.

Mr. WALKER. They have the problem of rate of return, too, because the typical credit union loan is 1 percent per month or 12 percent a year, or just twice the student loan rate. This gets to the point of just how crucial the rate of return is to the lender if this is going to succeed.

Mr. MARSHALL. I would like to make the comment that we do have some 300 credit unions in our program and quite a number of savings and loan associations, but the major contribution has been made by the commercial banks, who have been very cooperative. As a matter of fact, they made most of the $190 million worth of loans that we guarantee.

Senator RANDOLPH. Then there is a human side to banking.

Senator YARBOROUGH. Yes.

Mr. WALKER. Banking is the human side.

RELATIONSHIP BETWEEN STATE AGENCIES AND LENDERS

Mr. REEHER. Those of us in the guarantee business would agree with this. This is generally true throughout the State programs.

We were very close to a point, Senator, that if I may I would like to elaborate on. I think it is this, that we very definitely need to have the Congress spell out for us the various roles that the Federal Government, State government, and the private sector and the institutions will have to play in this program. We have given in a little bit, so to speak, that is the State agencies have in that we have said we will accept the standby direct Federal insurance for the next 2 years. We can live with that if it is made clear that this is a standby provision and that it will expire on June 30, 1970.

I have a little personal philosophy that the Federal Treasury can't provide all of the financial aid that is required.

RELATIONSHIP OF LOANS AND SCHOLARSHIPS IN PENNSYLVANIA

If I might cite Pennsylvania because I am familiar with that, we started off 3½-years ago with a very conservative loan program. We were given $425,000 for reserve purposes. We now have over $6 million worth. But I think the important thing is that a State in which scholarships were very much politically oriented—I think we are all aware of the senatorial scholarships in Pennsylvania—by having the legislature get exposure to the services that could be rendered through a loan program, we now have the second largest State scholarship program in the country without politics involved in it. This program has this year 39,000 students enrolled in school. Our current appropriation is $31.5 million for scholarships and we are very much interested in the loan business.

But we do not have as many students borrowing now as we would have had if we had not given the State this exposure and gone into the scholarship business.

I think this is very important for Congress, that you identify the role of the States in this area of financial aid, that it be made clear

that it is a temporary standby provision and hope that we encourage the State, the various States, to get not only into the loan business but also into the other areas of financial aid. This I think is the real concern of those people involved in the State programs at the State level.

I would like to mention Senator Randolph's State. On February 8, they passed both the scholarship and loan programs. I worked down there with the West Virginia people. I think this is an indication of what will be done if the State has some idea of the way it should go.

Senator YARBOROUGH. Thank you for that contribution.

Mr. MCCABE. Senator Yarborough, I would like to inject an observation here and come back to it in more detail later.

Particularly with regard to the comments just made by our good friends, Peter Muirhead, Charley Walker, and Ken Reeher, it may be that the lesson of history is the one lesson we never truly learn. It is our view that if we learn anything from human nature and recent history——

Senator YARBOROUGH. I think we should. You know what they said of the Hapsburg family; they never forgot anything, but never learned anything.

Mr. MCCABE. Maybe we are all a little Hapsburg in that regard.

POSITION OF UNITED STUDENT AID FUND ON REINSURANCE

United Student Aid Fund has an experience which is more diverse and far ranging than that of our associates around this table. We feel the heart of this legislation before you is the 80-percent reinsurance/coinsurance proposal. We are convinced, based on our experience, that, as proffered to you, this 80-percent plan will not work. I direct my comment at the moment to what has just been said, because when we find that in one-half or two-thirds of the States, this 80-percent program cannot be operable for a number of years, then it is visionary to assume it will never take hold. We think this is where history ought to tell us something. It is foolish to assume that at that point in time, we could return to any early vision of Federal, State, and private participation, if in the meantime, the 100-percent Federal program will have substantially taken over the field. This 80-percent proposal is thus very, very deficient.

As a matter of fact, it is as deficient as that fabulous airplane Howard Hughes put together some years ago. It looked great on the drawing board. It was a beautiful thing to see as it sat there on the water. The engines roared wonderfully. But it wouldn't fly. Mr. Hughes, himself, finally got it airborne for a few hundred yards. But it settled back on the water and there it sat. Finally, it was dismantled and other planes came along to take its place.

Senator, in deference to you and your colleagues—our friends on both sides of the aisle—we would be derelict in our duty if we did not come here and, as forcefully as we can, try to focus attention on the shortcomings of this 80-percent proposal. We think the coinsurance plan is the heart of what we are talking about in this legislation. We think it was hastily contrived. We regard it as well intentioned, but we are convinced it will not work.

And frankly, we do not want you or the Congress to do anything here by accident. We want to convey our views to you in clear terms.

If you are to enact it, we don't want to be in a position, say 2 years from now, where you could come to us and ask, "Why didn't you tell us that after this interval of time we would find ourselves in a situation where State and private loan guaranty activity have become a mere shell?"

We think there is a real lesson of history to which we all ought to address ourselves, and now. The notion of a 100-percent Federal program already in effect now for a short while, extended for 2 more years with the pious hope that 1970 will be the end of it—we think this flies in the face of human nature and of recent history. As I said a moment ago, we do not want to leave you and your committee colleagues in a position where you might some day confront us and say we failed to tell you, that we failed to share our experience with you.

We are convinced that as it is offered to you, the 80 percent program will not work.

Mr. WALKER. I regret to have to take issue with my distinguished friend and counsel for the U.S. Air Force, but history of the last 2 years as we read it is that the 18 State plans were set into operation successfully, even with the opposition that might be set up to the proposition of the multiplier factor of the reinsurance. So I have to disagree very strongly.

Mr. MARSHALL. You also disregard the fact that those 18 plans were put into effect in 2 years while the Federal guarantee plan went into force in 19 States in a few months, and has already displaced a number of the very 18 you cite.

Senator YARBOROUGH. Mr. Weiss of the Treasury Department has a comment.

LONG-RANGE NEED FOR RESERVE FUNDS

Mr. WEISS. I would like to make just one comment on the practical economics we were looking at when we discussed and eventually proposed this reinsurance idea. The projections that I believe the Office of Education has made indicate that within a period of 5 or 7 years there ought to be something like $6 billion of loans outstanding under this program to meet the demand that is out there. Under the existing 10 percent reserve fund arrangement, just taking some very round numbers, if I may, that would require something in the order of $600 million of reserve funds to back up the guarantees for those loans. Thus far, I believe, again taking very round numbers, the reserve funds that have been appropriated by the States are in the order of $60 million. This would mean that in the next 5 years or so, the States or the Federal Government would have to put up ten times as much money for reserve funds as has been put up thus far.

Simply as a practical matter, we were extremely doubtful that we could plan on that much money becoming available from the States, and there is also great doubt that it will become available from the Federal Government. That is the first step that we went through in trying to analyze this problem.

The next question we asked was whether it was necessary for the Congress and the State legislatures to appropriate that large sum of money to back up these guarantees. Experience in other credit programs suggested to us that it was not necessary to have the reserve

fund money sitting there; that the loss rate could be expected to be somewhat lower than that 10 percent figure; and that the credit of the Federal Government could be used, as we propose in this reinsurance plan, to substitute for these very difficult-to-obtain appropriations.

Senator YARBOROUGH. I have some other questions that I plan to ask and want to ask, but it is after 11 and we have a member of this committee who has had the most varied experience, I believe, of any member of our committee in this respect. He has been a very active worker on these plans. I have mentioned that he is a member of governing boards of colleges. He has also been a vice president of one of the large American corporations before he came here. He has viewed education from the standpoint of business and government and college. He has worked very diligently on this legislation and with great interest in getting students in colleges in his State. He has pointed out the small number in attendance in West Virginia because of the fact that the State does not have the riches of New York and California.

Senator Jennings Randolph has great interest in this field and I want to withhold my questions and turn this questioning over to him.

Senator RANDOLPH. Mr. Chairman, I was of the hope for a moment that I was a candidate for reelection this year, because your comment, gracious as always but too generous, could well have made a point with my constituents.

I am very grateful to sit with you and counsel with these men, who come with varying viewpoints. Although they are formidable as they sit here, I know they are not forbidding. I have just a few comments and questions.

POSSIBLE EFFECT OF FEDERAL PROGRAM

First of all, Mr. Moore and Mr. Kirkpatrick, you gentlemen have had the experience, as others have had, with the loan programs. I am wondering whether it is your opinion that we must be careful that the Federal loan programs do not become an octopus and cause a deterioration within the other programs which come through the channels of State and local and private sources. Would you comment on that, please?

Or someone else?

Mr. MOORE. I would be glad to, Senator Randolph.

With two or three figures, let me just illustrate how we think the octopus, if you will, of the Federal involvement can have all of its various arms sort of trimmed and fit somewhat more properly into the pattern of State agencies that are now operating and those that will.

In terms of the effect of this reinsurance program and talking in terms of this morning without any further action by the Congress and with action by State legislatures only on their 1968 budgets, there will be, hopefully by the end of this spring, a total of about $83 million on deposit in State-guaranteed funds throughout the United States. This is made up of a total of $19,300,000 in Federal money for both the vocational and the higher education programs and a hoped-for amount of about $64 million in State appropriations. Now,

if this entire reserve—and may I add that these State appropriations have all been made since the 8th of November of 1965 and would therefore all be eligible for the reinsurance program—if they are subjected to the multiplier effect and the amount of loan money now outstanding is withdrawn because it has in fact encumbered part of this insurance guarantee capability, this legislation could create this morning an additional guarantee capability across the country of $3.8 billion. The smallest amount it would create is about half a million dollars in the Trust Territories of the Pacific, where there are at the moment fairly small numbers of college students. In a State such as California, it could create as much as $19 million in new loan capability.

Now, the point is that with this in hand, I think it is very easy to say to a State, based on what has already been appropriated and funds that have already been contributed by the Federal Government, that this is the way for the State to operate from this point on.

Now, somewhere out there in time—I do not know whether it will be 1970 or 1971 or 1972—it will be necessary for the State to appropriate additional funds. But every time the appropriation is made, the multipler effect with the Federal credit behind it would be brought into play and the State could continue on running its own program in this context. So we do not view this as an effort at all to supplant State activities but rather to provide what we think is about the best Federal-State partnership that could be created in keeping the guarantee capacity of all of the States as open as possible so that all young men and women will have access to these loans.

Senator RANDOLPH. That is helpful to me.

Thank you, Mr. Moore.

Mr. Kirkpatrick?

Mr. KIRKPATRICK. I would like to talk very briefly about the option of Federal financial aid. In this last year, fiscal 1967, the Federal student aid was about one billion six. This represented a quadrupling or quintupling over the last 5 or 6 years. Of the one billion six, about $500 million was in the loan plan. Of that $500 million, the guaranteed loan program provided more funds than the National Defense Education Act.

So I think all of us would like, No. 1, to see the national defense loan program doubled or even tripled, as you look ahead 8 or 10 years. But assuming that idea of direct appropriations of some $6 to $7 to $9 billion within the next 12 years lying in the coffers of the colleges and universities is out of the question. The guaranteed loan program has come in and done what the shortage in national defense loans prevented being done.

DEGREE OF FEDERAL PARTICIPATION IN FINANCING HIGHER EDUCATION

If I may hazard an estimate, of the $250 million of guaranted loans in the last fiscal year, I think that the Federal loan program may be credited with about $100 million of that. In other words, if the Federal program had not come into being, the 17 State programs that were in existence before the Federal program would have created about $150 million.

But with it all, as we have calculated that there are about some $9 billion of student educational expenses in the last fiscal year, your loan program represented 5.6 percent, this $500 million of loans the past year represented 5.6 percent of the total student educational expenses. So that I for one do not think that this is out of hand—getting out of hand—and we have to lean heavily on the guaranted loan program for the needy student, designed for the middle income, which is awfully hard and vague to define, but has come to mean so much to the needy student and to supplement the national defense loan.

Senator RANDOLPH. Mr. Chairman, I shall not take much longer.

Thank you, Mr. Kirkpatrick. As I understand, the $9 billion and then the $1.6 billion—I am not quite clear as to the percentage. That would seem to be about 18 percent.

Mr. KIRKPATRICK. The $1.6 billion, Senator, is the total Federal financial aid, including grants and college work-study—the loan portion of it, and as I was just directing my remarks to that $500 million that represents this 5.6 percent of the $9 billion total student educational expense.

Senator RANDOLPH. Thank you very much. We are to understand that with the increased costs of tuition and board and room, there are the added expenditures which are now in figures that actually make it very difficult for the student to be in college. Is this not true? There is help from as many sources as possible. I was thinking of the costs, even in colleges of West Virginia, Mr. Reeher, where you have helped in reference to State legislation on loans which you indicate have been brought into being by action of our legislature. I think the time when a young man could properly and proudly boast that he worked his way through college—he just can't do this any more. In other words, he would not have time for classes or for study if he were really working his way through college. Men have rather boasted of this fact, and understandably so—it is good to work when you are studying. But the situation existing in this category 20 years ago or 30 years ago or perhaps even 10 years ago is not true today. So your emphasis, Mr. Kirkpatrick, and Mr. Moore, is on the need for strengthening the sources at all levels. We need not fear what I termed the octopus—the perhaps controlling force that might come with too much Federal aid percentagewise, as contrasted to the other sources which I have indicated. Is that your feeling?

Mr. KIRKPATRICK. Yes, sir.

Senator RANDOLPH. I have talked too long in getting to this point.

Mr. KIRKPATRICK. Oh, no; I agree completely.

Senator RANDOLPH. But I wanted to do it.

THE PROGRAM IN WEST VIRGINIA

Mr. Reeher, would you, just for a moment, tell us what the experience was in West Virginia that caused the State legislation to be enacted?

Mr. REEHER. Well, I believe that West Virginia traditionally has had a smaller percentage of their high school graduates go to college than the surrounding States have experienced. As you pointed out, Senator, the rising costs making it impossible for a student in that area, where the going wage rate is so low, to be able to go out and seek employment to pay his way through. So we were invited to come down

and sit with the presidents of the various colleges in West Virginia and review what we had done in the area of student loans and the area of scholarships. They have passed this legislation to start to channel part of the State funds into this broad spectrum of need that must be met if all students are going to get the opportunity.

Senator RANDOLPH. Thank you, Mr. Reeher. I do not want to speak facetiously, Mr. Chairman, but this comes to us from Pennsylvania. In West Virginia, we are just a State, but in Pennsylvania, they are a Commonwealth, so they do have the money that we are lacking perhaps in that important aspect.

But your help, I happen to know, has been of inestimable value in West Virginia. I wanted you to explain as you have that we lean very much on the experience of our sister States.

Now, the final question which I hope can be opened to all members of this symposium. We focus on students—not on the institution but on the student—through these programs. Now, if we are to follow the counsel of the USAF, how many students are we going to help next year; or if we were to follow the administration viewpoint, what would we be doing in this regard? What are your estimates? Is that question a fair question?

Mr. MUIRHEAD. Senator Randolph, I would like to address myself to that. I think it is a very fair and perceptive question, and a basic one.

COST OF HIGHER EDUCATION

In any discussion of the assistance to the student, we must not lose sight of the fact that there is need also to strengthen the institution in order that it may carry out its mission. We have a situation in the United States that this distinguished committee is very well aware of. That is that higher education is indeed facing a crisis in that the costs of higher education are mounting at a much faster rate than almost any other index of our economy.

Senator RANDOLPH. Except, I would say, hospital and medical care.

Mr. MUIRHEAD. Yes. And colleges and universities have tried very valiantly to hold back the costs to young people. Those costs have also increased and increased very dramatically. But the situation as it now stands is that in our colleges and universities, the amount of money that the young person pays in tuition falls far short of what it costs to provide him instruction. As we look down the road to the rapidly increasing enrollments in higher education in this Nation, one does not have to be an economist to arrive at the conclusion that this situation spells trouble. We have an increasing number of young people entering higher education and if it is costing the institutions more to provide them with an education than they are receiving, in tuition and fees, they are in deep trouble.

Now, with regard to the specific part of the problem on help to young people, this committee has a distinguished record of having advocated and enacted legislation that would move us toward the goal of equal educational opportunity. We are saying, in effect, that financial inability should not be an insuperable barrier for a young person seeking a higher education. I am not bringing any new information to you when I say that we are far short of that goal.

Let me share with you a rather dreary statistic. If a young person should come from a family earning $10,000 or more and should finish in the upper half of his graduating class and therefore be potential college material, his chances of going to college today are about eight out of 10. If he is unfortunate enough to come from a family earning less than $5,000 and has a comparable ability, finishing in the upper half of his graduating class, his chances of going to college are three out of 10. I pose the question, what price equal education opportunity under those circumstances?

So that as we address ourselves——

Senator DOMINICK. Why is that?

Mr. MUIRHEAD. This is because those young people can't reasonably expect their families to contribute to the cost of obtaining a higher education.

UNUSED SCHOLARSHIPS

Senator DOMINICK. I know, but I have heard that there are scholarships going to waste all over the country at the present time that nobody applies for. The scholarships just sit there and are not spoken for.

I am somewhat concerned about these statistics which are constantly cited to show that a person in a lower family income level, even though he is smart and bright and wants to go to college, does not go. I just wonder whether it is entirely because he can not get funds or whether it is in part due to lack of motivation.

Mr. MUIRHEAD. The statistics are unfortunately both dreary and true, Senator. There are, as you report, scholarship moneys that are not utilized. But all too often, such scholarship money is for very specific purposes and not available at the schools the young person can best attend. There are frequently geographic restrictions, and restrictions concerning whether or not he is pursuing a certain subject. There are restrictions concerning whether or not he lives in a certain area. Granted, there are scholarship moneys available, but the extent of those scholarship moneys, when measured against the total need, is rather insignificant.

Senator DOMINICK. I am not trying to argue with you, but I talked to the president of the University of Illinois and also the University of Chicago, and they have done a survey in that area and there are 8,000 places for kids in those schools that were available and they could not find anybody to go to them.

Now, these were not in those particular schools, but they were in other higher education institutions in the area and they had some in the University of Chicago and the University of Illinois and they said they could not find anybody to apply.

Mr. MUIRHEAD. I am sure it is true and probably reflects the fact that admission standards at those colleges are not compatible with the preparation of some of the students from the low-income families that I am referring to. I think it is fair to report, Senator Dominick, that considerable progress has been made, in large part due to the very excellent activities of this committee, to have in place a series of programs to assist young people. There will be in college this year as a result of those programs some 750,000 young people from low-income backgrounds. But there still remains a great talent lost in this Nation

of young people from disadvantaged backgrounds who have the potential college ability but can't afford to pay the costs of higher education.

Senator YARBOROUGH. Your observations are reminiscent of those of Sir Arthur Hugh Clough during the last century who wrote: "Grace is given to God, but knowledge is bought in the market." Unfortunately, the majority of our people do not have the money to buy that knowledge in the market.

Mr. MARSHALL. The Senator asked a very good question, I think, about our projections.

Senator RANDOLPH. That is right. I would like to come back to that.

PROJECTED INCREASE IN STUDENT LOANS

Mr. MARSHALL. I cannot really project. I can only give you our past record, which is some indication of the growth of our program which is in effect in all 50 States. Bear in mind, these figures I will give you do not include the State loan programs in such States as New York, Pennsylvania, Illinois, California, and the other wealthy and populous States where they have had their own program. Massachusetts is another one. They include just the States where we operate the State program, plus our private funds in these other States. But in the fiscal year 1966, we guaranteed about $22 million worth of loans. In fiscal year 1967, we guaranteed $58 million worth of loans and, as of February 29 of this fiscal year, the first 8 months, we passed the figure for the entire fiscal year last year.

So this is a record of steady growth, and of services to the students. which we hope we can maintain.

Senator RANDOLPH. One further question.

Does this mean more participating students, or does it mean increased amounts?

Mr. MARSHALL. No; it means, for example—now, these are loans and not students. The student ratio is a little different. 40,000 students in 1966, 93,000 in 1967, over 93,000 in the first 8 months of this year.

Mr. MCCABE. I wanted, Mr. Chairman, to add something in response to Senator Randolph's question. Senator Randolph asked essentially, what is the projection of the current Federal proposal versus the proposal advance by United Student Aid Funds. I wanted to add that United Student Aid Funds has proposed a complete alternative—a several-part alternative to the administration's 80-percent coinsurance proposal. I suspect that under each approach it could safely be said that every student who borrowed and who sought a guarantee would have access to that guarantee, under either proposal. All we are saying is that, for a variety of reasons, the proposed reinsurance coinsurance plan simply will not work as its proponents contend.

The alternative we have, however, is——

Senator RANDOLPH. There is a difference in opinion here, though, is there not?

Mr. MCCABE. Yes, sir.

RATE OF RETURN TO LENDERS ON INSURED LOANS

Mr. WALKER. Regardless of the merits of these arguments, I think you cannot throw most all of the projections out the window from either side of the table unless you raise the rate of return so that lend-

ers can at least break even in this program. This is the most pressing part of the administration's recommendation. I was most distressed when figures which the chairman of the House Banking and Currency Committe lifted out of a publication were put into the record yesterday that seemed to indicate, in the face of all of the testimony to the contrary, that lenders were making a high profit on these loans.

Mr. Chairman, I very much want to respond to that particular allegation if I can this morning before we adjourn.

Senator YARBOROUGH. All right, but first I would like to get one or two figures here that might help all of us on this committee.

NUMBER OF STUDENTS ASSISTED BY LOANS—SIZE OF LOANS

Dr. Muirhead, we have just heard the statement from the United Student Aid Fund by Mr. Marshall that 90,000 students are aided with loans under that fund.

Now, the $250 million to be put out this year at loans under the NDEA loan fund—how many students do you estimate that will aid?

Mr. MUIRHEAD. We estimate that the NDEA loan program will support about 400,000 students.

Senator YARBOROUGH. Then, under the guaranteed loan fund to private lenders, it is 765,000 students?

Mr. MUIRHEAD. Yes.

Senator YARBOROUGH. I wonder what the average amount of these loans are? And do you have the total amount of money loaned under the guaranteed loan programs?

Mr. MUIRHEAD. The total amount of money in round numbers, Senator Yarborough, is about $600 million. The loan, on the average, runs to about $850.

Senator YARBOROUGH. I would very much like to see our NDEA program increased to a billion dollars a year, but it is impractical to hope for that as long as a war is going on in Vietnam. If we had it up to a billion a year, four times the present, that would be at the most, at the present rate, 1,600,000 students. With the increasing college enrollment, you could use all of that, all of the money that has been loaned by the private lenders, double that of private lenders. I do not think we have enough on it.

I would like to put this in the record at this time in connection with what Dr. Muirhead said about families under $5,000, the difficulty the students have in going to college because of financial reasons. I would say I do think this is substantiated by what we have heard over the years on this committee. Under the latest research publication I have here of 1968, households in the United States with incomes under $5,000 totaled 36.9 percent of all the households in the United States. That goes from a low in Connecticut of 23.3 percent to Mississippi—the worst off—with 5.9 percent. Connectitcut has the highest income per household in the Nation.

Now, we have 21.5 percent of the households of the Nation with $10,000 or more, and that varies from the low, with Mississippi and Arkansas virtually tying, with 11 and a fraction of a percent, and Alaska with the highest, with 36.4 percent. We have in between there a middle bracket of these, which would be 14.6 percent of the households of the country that would vary from $5,000 to $10,000 per year income. We know from these figures that there would be more of those households closer to $5,000, of that 14.6 percent than are closer to

$10,000. The criteria for the NDEA loans, the families in the low-income brackets, I think, show when you look at the large number the absolute necessity of increasing the NDEA loans.

The guaranteed bank loans after all are for middle-income families. Some have pretty good incomes, but with the number of children they are trying to put into college, they might not need that loan if they had only one child. But with a number of children, the family with $15,000 income, trying to educate two children in college would have difficulty without loans to help put them through. I think there is a place for both of these programs.

I would like to see both of them expanded. That is not to crowd out your private program or your State program. I think with the projected enrollment, the young people of this country have caught the vision. If they are going to advance in life, they have to have an education and they are struggling for an opportunity to get it. I think for the foreseeable future, we need everything we can get, all of these—State, private, Federal Government, the Government direct loans, the scholarships.

I would like to see the scholarship programs greatly enlarged and the fellowships. Frankly, the fellowships were cut down this year, cut in two from last year under the appropriations made by the Appropriations Committee, right at a crucial time in our Nation's history when we need all of the knowledge and learning we can acquire for the highest percentage of our people. I just do not think it makes any sense to cut in two the number of fellowships we grant for those working on their doctorates, cut in half this year, at this crucial period.

Mr. WALKER. Could I correct one figure, Senator, that was mentioned?

Senator YARBOROUGH. Yes.

FAMILY INCOME OF BORROWERS

Mr. WALKER. There is a great misimpression that the guaranteed loan program is going predominately to middle income families. If I could steal some figures from a survey Mr. Kirkpatrick made, 58 percent of 200,000 loans surveyed went to families with $9,000 adjusted income or less. Thirty percent went to families of $6,000 or less, and 12 percent to families of $3,000 or less. The lenders are concentrating on the needier cases, as you would expect if you are going to try to provide a social service.

Senator YARBOROUGH. When the bank loan has to go to the family in the poverty bracket, $3,000 or less, that represents the inadequacy of scholarships, the inadequacy of work-study programs, the inadequacy of NDEA loans. There ought to be enough scholarships, there ought to be enough NDEA and so on to take care of those brackets. I want to commend the banks for making available loans to the poverty brackets where the others have failed to meet the needs.

Mr. MARSHALL. Could I make a statement on Dr. Walker's statement?

Senator YARBOROUGH. Dr. Purdy had his hand up first.

EFFECT OF APPROPRIATIONS ON STUDENT ASSISTANCE PROGRAMS

Mr. PURDY. I would like to say how pleased those of us representing colleges and universities are with the thorough grasp you have

of the actual situation. We are there every day working with the students who actually need the loans and the absolute necessity of filling the need with the programs of the EOG's, the work-study and the loans. The real hurt that comes from cutting the fellowship program in two—to have a program up here and then cut it down here and up like that is really hurting the whole program. But the appropriations for the coming year, which are just now recommended at a hold-still basis whereas enrollments are going up, represents actually a slippage. I realize the situation is the national budget. But these expenses compared to the overall national budget are really fairly minor. I hope that those of you who do understand the situation will lend every effort to keep a strong appropriation behind these going programs which, in the past years, have proved their worth to the individual student by the numbers that we are helping. So this is mightily encouraging to see this support for these programs that are already in operation and already proved.

Senator YAROROUGH. Senator Dominick?

Senator DOMINICK. Thank you, Mr. Chairman.

I have a number of fairly brief questions and then I want to get back to what I hope is going to be a summary here of the problems we have.

First of all, we were talking, Mr. Muirhead, about the scholarship funds for low-income families. Has any investigation been made to determine whether the fact that the kids from the low-income families do not go to college is created by the fact that they do not have themselves enough money or the ability to get it or because they feel an obligation to go out and work and help their families?

EFFECT OF LOW INCOME ON HIGHER EDUCTATION

Mr. MUIRHEAD. I am sure there have been a number of studies made along that line. Our general impression is that need is a factor in discouraging young people from low-income families from continuing their education.

Senator DOMINICK. I brought this up because I know that in my own State, in one of our low-income areas, I talked to the head of one of the high schools, a very fine man, and he was distressed because he felt that only about 20 percent of his graduating class, maybe somewhat less than that, were going on to college, even though they had the ability. He kept pointing out to them that they could get loans, there were scholarships available, and they just were not interested.

TALENT SEARCH

Mr. MUIRHEAD. We have been attempting to deal with that problem through a program enacted by this committee called "Talent search," which has as its principal objective seeking out young people of the kind you have just described and encouraging them and providing them with information as to the opportunities that are available.

Senator DOMINICK. The second question, which goes along with that, is this comment on increased enrollment. How much of this increased enrollment is based on applications for college and how many of those are duplications for two or more colleges?

Mr. PURDY. I am talking about the actual increase of students who come to college, not application.

Senator DOMINICK. Fine, that is what I wanted to make sure of. Well, that is encouraging. I am glad to hear it.

INCREASE IN COLLEGE ENROLLMENT

Mr. MUIRHEAD. If I might comment on that point, Senator Dominick, the whole pattern of higher education enrollment in the Nation has been a very sharply escalating one. As recently as 10 years ago, the total higher education enrollment was in the order of 2.5 milllion, which represented about 26 percent of the college-age population. Today, college enrollment is 6 million, which represents about 40 percent of the college-age population.

Senator DOMINICK. So what we are talking about is not an increase necessarily in the number of kids who are going to elementary school. What we are talking about is the fact that of those in elementary and secondary schools, an increasing number go on to higher education.

Mr. MUIRHEAD. I think this is a very important point. You are quite right in underscoring, Senator, that not only has the number of high school graduates increased, but a larger proportion of them want to go on to college. The projections that have been made—and to this time, all the projections have been conservative—indicate that by the 1970's, higher education enrollment will be in the neighborhood of 9 million, with possibly 60 percent of the college-age population seeking a postsecondary education.

Senator DOMINICK. Now, with the exception of the outfit which I believe operates out of Chicago, or Wisconsin—I have forgotten which—what effort is made to let people know in high school what colleges there are in the country and what programs there are to enable them to apply and get in? I know for a fact that there are vacancies, in smaller colleges, some of them independent colleges, which have scholarships and have openings.

INFORMATION ON AVAILABILITY OF HIGHER EDUCATION

Mr. MUIRHEAD. There just is not enough effort made in that regard. There are situations just as you describe. Unfortunately, however, in some of those instances, the space available is at an institution that the youngster can't afford to attend; or sometimes it is located in an area that he might have difficulty in getting to; or it does not provide the program that he needs. But we have not done nearly as good a job as we should have in providing secondary school guidance counselors with full and adequate information concerning the higher education plans of young people in high school.

Senator DOMINICK. Do you have some comments on this point?

Mr. CRITCHFIELD. Senator Dominick, may I comment on that just a moment as a representative of a university?

Senator DOMINICK. I wish you would.

Mr. CRITCHFIELD. I believe an increased amount of effort is being made to make the public aware of where institutions are located that have available spaces.

One thing on the remarks you were making from the Midwest, I think if the statistics that were related to you are more closely

evaluated, you will find that the spaces that were left open this past September were open in higher-cost institutions. There are very few spaces available in public-supported institutions and lower-cost colleges and universities in the country today. There is a definite factor of the cost of attending the institution; and those higher-cost institutions are having an increasingly difficult time in getting enough students who can pay the bill.

Senator DOMINICK. This might be good background information for my tax credit for higher education again, Mr. Chairman.

Dr. Walker, you commented that among other things, in connection with the bankers, you felt that no matter which system was adopted, some effort might be made to at least let the banks break even. You were therefore also somewhat critical of the article that was put into the record just recently indicating that banks were making all kinds of money on this.

Can you give me any figures on this?

THE COST TO LENDERS

Mr. WALKER. Yes, sir. In fact, I would like to read a brief analysis into the record that gives you the actual picture of the situation as contrasted with the statement of the chairman of the House Banking and Currency Committee which was put in the record here yesterday.

The chairman of the House Banking and Currency Committee, testifying before the Special Subcommittee on Education in the House just recently, made the following statement, and I quote:

> In a recent issue of the respected banking publication, Bank Stock Quarterly, a study conducted of 25 banks across the country concluded that the break-even point for these banks on their loans was 3.89 percent interest. And in June of last year, the same publication surveyed 50 banks in all size categories across the country and also determined the break-even point on loans was 3.89 percent interest.

Obviously, if this is true, a 6 percent simple interest rate on student loans would seem to provide quite a profit to not just banks but other lending institutions in the program. I checked out the publication, the Bank Stock Quarterly. It is published by a leading bank stock dealer, M. A. Shapiro & Co., in New York. It is, indeed, as Mr. Patman stated, a respected banking publication. But the fact is that when you dig into Mr. Shapiro's analysis, when closely examined in its entirety, it actually supports the administration's proposal for a placement and conversion fee and supports our contention that banks and other lenders are suffering out-of-pocket losses on these loans.

Let's take a close look at what the chairman of the House Banking Committee said, and I will submit for the records of the subcommittee an actual excerpt from the Bank Stock Quarterly, which is not in the record that Mr. Patman submitted.

First, Mr. Patman said that the second survey of 50 banks across the country, both of which had identical general results, applied to 50 banks in all size categories across the country. It is true that the banks were geographically dispersed, but they were not representative of all size categories. Instead, they consisted primarily of the 50 largest banks in the country. This leaves out more than 13,000 other banks and vastly distorts the figures, since the larger banks hold much larger volumes of low-yielding business loans than do smaller banks.

Second, the most glaring misrepresentation in the quotation, and the one which makes it not only useless but in fact directly misleading, is the statement that the 3.89 figure represents the "break-even point for these banks on their loans."

This so-called break-even point, which in itself is a rather complicated and fuzzy concept—basically, it means what rate of return would they have to get to meet the bank's operating expenses—this so-called break-even point is calculated not on the basis of loans as stated by Mr. Patman, but on the basis of total loans and investment, including bonds, Government bonds, municipal bonds, and so on. Since bank investments include large volumes of low-yielding notes and bonds, including municipal securities which are tax exempt and thus carry even lower yields, the so-called break-even point is grossly understated.

Some indication of the degree of this understatement is gained by noting that the actual yield on the loans in these 50 banks—this was another column in the Shapiro statement which Mr. Patman did not refer to—the actual yield on loans in these 50 banks is 6.03 percent, or higher than the student loan rate. And it should be remembered that the businesses which borrow from banks typically must maintain a sizable compensating demand deposit balance which raises the effective return on the bank considerably above the stated rate and also provides the bank, the corporation, with many other types of business.

Senator YARBOROUGH. Pardon a question.

How much longer do you plan to read?

Mr. WALKER. I think about 3 minutes.

Senator YARBOROUGH. We have about 6 minutes left to 12. We put Mr. Patman's statement in the record.

Senator, would you be willing to have this put in the record?

Mr. WALKER. I would like to read this into the record, because this is a blockbuster.

Senator YARBOROUGH. I am fixing to put the Comptroller General's statement in a letter to Mrs. Green dated November 27, 1967, in the record to refute you. I do not want to take the time to read it. The Comptroller General does not support your argument that it takes $35 each year under this bill and another $35 when the student finishes the school and the loan gets converted to a repayment basis. I do not want to take the time of this panel by reading the Comptroller General's report. I welcome your statement and I do not want to cut you off, but you remember, I did not read the statement of Mr. Patman. I merely put it in the record, because we have some other points to cover.

Mr. WALKER. Senator, it is your prerogative as Chairman.

USAF POSITION ON INCREASED RETURN TO LENDERS

Mr. MARSHALL. Could I make just a brief statement?

I would like to point out that our experience in the USAF supports Dr. Walker's point that there is some additional funds needed. We started this out in 1961 with a 6 percent rate. Banks in some States made the loans at 5.5 percent, but the situation has completely changed since then, so we recognize the need for some additional assistance to the banks.

Senator YARBOROUGH. Let me ask you a question, Dr. Walker. Under this proposal, the service fee of $35 would be paid regardless of the size of the loan?

Mr. WALKER. Yes, sir.

Senator YARBOROUGH. So the fee paid for the hundred dollar loan would be of the same size as the $1,000 loan fee?

Mr. WALKER. Yes.

Senator YARBOROUGH. So the lending institution would get the same fee on a $100 loan as on a $1,000 loan?

Mr. WALKER. If the Commissioner of Education set the fee at $35.

Senator YARBOROUGH. He would get that. Well, if you then had that $35 fee, in 4 years, you would have $140.

Mr. WALKER. If four loans were made, yes.

Senator YARBOROUGH. One each year. And say the loans were for $500 a year, you would have a $140 for servicing loans totaling $2,000. But, if the loans were $1,000 a year, the service charge would just be $70. You would get just as much for servicing smaller loans as for big ones?

Mr. WALKER. Yes; they are just as expensive to service.

Senator YARBOROUGH. Would that not be an incentive for lending institutions to make smaller loans? You would still get $35 if you cut these loans smaller.

Mr. WALKER. I don't think a multi-billion-dollar institution such as the banks making these loans are going to try to make $5 or $10 extra out of a student by making a smaller loan. More often most of the loans are going around $800 and the computation showed yesterday that with the $35 fee would give less than 7 percent which you wrote into the act of 1965.

Senator YARBOROUGH. Would it not be better to pay a service charge of 1 percent of the total amount loaned by the bank rather than a flat fee for each individual?

What objection would you have to a service charge of 1 percent rather than the flat $35?

Mr. WALKER. One percent of the total outstanding loans the bank has made?

Senator YARBOROUGH. Yes.

Mr. WALKER. I think that has a great deal of merit, and studies made by the College Board and others indicate that the banks would prefer this, too. Subject to some reservation, I think we would support that over the fee approach.

Senator YARBOROUGH. That is very helpful.

Senator DOMINICK. I do not mean to cut into your time for questioning, but if we use the full time Dr. Walker needs to complete his written statement for that purpose, we will run out of time for questioning.

We will place that in the record, Dr. Walker.

Mr. WALKER. If that is what you want, Senator, I will be happy to.

Senator YARBOROUGH. I think out of courtesy to the panel, we should.

LETTER OF COMPTROLLER GENERAL

Senator YARBOROUGH. I have one here from the Comptroller General that I think, frankly, shoots you out of the water. I am not going to take the time to read it.

Mr. WALKER. If you will read their conclusion, you will find they said we do not have enough information to reach a conclusion.

Senator YARBOROUGH. You read that to refute what Mr. Patman put in because they sampled only 75 banks. And the Comptroller General's letter indicates that your survey sampled only 19.

I am ordering this entire statement of the Comptroller General put into the record.

Mr. SNYDER. Mr. Chairman, on behalf of the Treasury, could we be permitted to submit some comments on the Comptroller General's report?

Senator YARBOROUGH. Yes, you will be permitted to submit your comments. Anyone will be permitted to submit material on this because of the shortness of time.

Senator Dominick?

DIFFERENCES IN THE POSITIONS OF USAF AND ABA

Senator DOMINICK. Mr. Chairman, I wonder if at this point, we could get first the United Student Aid Fund and then the bankers and then the administrators to summarize their differences for the record?

Just on the difference on the proposal now before us.

Senator YARBOROUGH. I invite all of you to submit any additional statement and supporting data.

Senator DOMINICK. It would be helpful to me if they could just say orally, briefly, what their principal differences are. I wonder if we could do that, starting with the United Student Aid Fund.

I wonder if we could start with the USAF.

Mr. MARSHALL. The United Student Aid Fund feels that the $15,000 family income limitation on the interest subsidy should be removed, that if there is any interest subsidy, it should be paid to all students while they are in college. We believe it should be eliminated after the student graduates. There should be no interest subsidy in those cases. We do feel that there should be some—on, we feel it is very important to have the college loan officer make a judgment and a recommendation with respect to the amount of the loan, which should be made to the student. This is most important.

The principal difference as I see it between our positions is the difference with respect to the 80 percent co-insurance and the extension of the Federal re-insurance provision which we believe will ultimately and in not too distant future lead to a complete Federal reinsurance program and eliminate the private and State participation in a field of need to students which we feel is so great that we need the participation of all the parties to it.

Senator DOMINICK. Now, I wonder if we can get Mr. Walker's feeling on what changes, if any, should be made in the administration proposal?

Mr. WALKER. We support all of the administration proposals, except that we would give serious consideration to the substitution of a 1 percent service charge as suggested by Senator Yarborough just a few moments ago for the proposed fee.

In other words, we disagree with United Student Aid Fund with respect to the reinsurance. We strongly support that approach.

In addition, we agree with the USAF that the 3 percent subsidy should be eliminated, not only because of the administrative costs involved in administering this sort of system, but also so you could use that money for other worthy higher education purposes.

Second, we would certainly support the proposal to give the student loan officer a much larger role in the program so it is primarily him instead of the banker which has to make the decision on the size of the loan. He is much better qualified.

Senator YARBOROUGH. I would like to ask a question, Mr. Purdy.

RESTRICTIONS ON LOANS

You stated yesterday that most banks are restricting loans to students whose parents have an established account with the bank.

Do you know how widespread that is? Is that only in your area?

Have you checked that in other States?

Do you know how widespread it is?

Mr. PURDY. I cannot state from stated statistics, but I talked with an awful lot of students and financial aid officers. I would say this is fairly widespread. I would say the reason for it is that they feel they are operating a program a little bit on the welfare side in that it is a very narrow margin and, therefore, they are going to give first choice to the sons and daughters of their customers, because at the moment, they doubt that they can put lots of money into a program which is a long-term loan, in many cases, with a very modest return, if any. So I think this is one of the reasons.

I also said yesterday that I felt that the return to lenders needs to be looked at and adjusted to the point where we get more participation. I would normally say that the 1 percent fee would be a more reasonable way of looking at it than the straight, flat fee from among the bankers that I work with and talk with, just speaking locally, that they would rather earn a fee, rather than feel that they were being paid for a service.

From the public relations standpoint, the relationship with the colleges, they would look favorably on the 1 percent, and that if this went in, perhaps hopefully, there would be less restricting to just the customers.

Senator YARBOROUGH. Mr. Walker, do you care to comment on that, the experience that these bank loans are restricted to customers of the bank?

Mr. WALKER. Yes, sir. The fact is that there is much more demand for these loans than there are funds available, given the loss situation in making the loans. As a consequence, a banker has to decide how he is going to rank the funds under these circumstances. It is quite logical and natural that he will first try to take care of its own customers. Actually, there is nothing wrong with that in that the vast majority of people who would be borrowing would be people who would probably have a bank account.

That leads to the second aspect of this proposal, Senator, or the second facet of it that is important. If this program is going to work and work properly, the loans are going to have to be made primarily in the hometown institutions of the students involved.

To that an illustration which both you and I would know very well; if, for example, in my university, the University of Texas, I were to go there from my hometown of Graham, Tex., and ask the Austin National Bank to make me a student loan, when my family had an account in the Graham National Bank, I think that is absolutely wrong; the bank in the hometown should make the loan: I think you will find it is perfectly natural and nothing wrong that there would be an account relationship involved.

If you can make the program attractive, and a banker in Austin told me this, he would make loans to all students who came in, regardless of whether they are customers or not.

ADMINISTRATIVE COSTS—LENDERS

Senator YARBOROUGH. Mr. Walker, we are proposing this bill to give 3 percent to the colleges who have problems, the expenses to the NDEA loans. We propose to give 3 percent to colleges making this NDEA loan for administrative costs. That is 3 percent to start. Suppose you had an $800 loan, that would be $24 administrative cost fee.

How would that same idea work with the bank: instead of a service charge of $35, a flat 3-percent charge?

Mr. WALKER. That would be insufficient to bring the loans to a break-even proposition. What I thought you were proposing a while ago was a 1-percent additional interest payment in effect on the total volume of outstanding loans each year.

Senator YARBOROUGH. Well, that was one proposal. This is another that has been suggested by people interested in this.

Mr. WALKER. The 3 percent, that would range from $30 down in the typical loan to about $15. This would be worth considering. But I think the point Mr. Purdy made is quite valid, that the other approach would be much more attractive.

Senator YARBOROUGH. I want to ask Mr. Sample a question because of his testimony yesterday.

He has been directly administering this in one large State university and I think the statement shows he has a great deal of expertise in this field of actually dealing with the students.

PRESSURE ON COLLEGES TO CONTRIBUTE TO RESERVE FUNDS

You say in your prepared statement, Mr. Sample, that institutions were under pressure to use their own college reserve funds with the United Student Aid Funds. What do you mean by that, what kind of pressure?

Where did it come from and why?

Mr. SAMPLE. Senator, the pressure came to the institutions in Indiana because of the expiration, the exhaustion of the original Federal seed money. Hence, we did not have a State-guaranteed loan program which could make loans to students in Indiana. Therefore, the colleges were asked if they could use their own reserve capacity which had been

created by deposits which the institutions themselves had placed with United Student Aid Funds.

Senator YARBOROUGH. Who asked the colleges? You said the colleges were asked.

Mr. SAMPLE. We got inquiries both from bankers and students—the Indiana Bankers Association did circulate a memorandum to their membership suggesting that the students return to their financial aid officer and ask that the financial aid officer place his loan under the United Student Aid Funds. So the requests came primarily from the students who were unable to borrow from the defunct program.

Unfortunately, colleges did not have sufficient reserve capacity—at least this was the situation at Indiana University—to convert 600 student-loan applications in the month of August just prior to the opening of school. So we were unable to service the students who did not have any means at that time to get loans, or to guarantee—there was no guarantee capacity—even though the bankers were willing to loan them. For that reason, we were vitally concerned that the direct interim program come into the State.

Senator YARBOROUGH. I wanted to ask the question because you had experience. Indiana is one State—I do not mean the only State—which had experience working through a State agency, with United Student Aid Funds and direct guaranteed Federal loans—all categories. Briefly, in the interest of time, would you state what the differences of administration of these various programs were and any problems or highlights that were raised by the differences?

Could you state that briefly or would that take time?

You can place a written statement in the record in view of time.

Mr. SAMPLE. I can only state that in Indiana we have had difficulty because of the operation of essentially three different programs and we have asked the bankers to cooperate in each of these programs.

I would like to compliment lending institutions in Indiana for putting up, so to speak, and cooperating with us in this regard.

From the point of view of the financial aid officer, we have found through all three programs excellent cooperation from the administration agencies, whether the State agency, United Student Aid Funds, or the direct program operated by the Office of Education.

ADMINISTRATIVE COSTS—INSTITUTIONS OF HIGHER EDUCATION

Senator YARBOROUGH. In your statement, you talk about the need for reimbursing the higher educational institutions for the administrative cost in running the guaranteed loan program. You said yesterday you would furnish us with a breakdown of what the costs were. One of the costs mentioned was providing for the class standing of the student. Does the law require that?

It seems to me that all the law requires is a statement of whether the student is in good standing, does it not?

The law does not require that you give the student's standing in class, does it?

LOAN APPLICATION FORMS

Mr. SAMPLE. Whether or not the law requires it, the applications have these types of questions on them which are necessary for either the lending institution or the agency.

Senator YARBOROUGH. That is why I asked you. You mentioned the need for listing financial aid to students. That is not required by law, is it?

Mr. SAMPLE. It is on the direct loan form. And these vary from State to State. Some State agencies require the financial aid officer to make varying statements, depending on the student's relative need. I think you would have to look at all the 50 or however many State agencies are in the business. Each form is different and each one requires different types of statements.

Senator YARBOROUGH. That is why I asked Dr. Muirhead to furnish these different forms. I have the New York State form here. The student is required to fill in much material, all the aid he is receiving, student aid, and so forth. It is pretty expensive paperwork. But all this work is not required by the law, as I see the law. There is a great deal of paperwork under the form the State has. I imagine New York State will be similar to many others. It seems like a lot of paperwork there which is not required by the law.

Mr. Reeher?

Mr. REEHER. If I may stick to that point, the State directors form a seven-man committee that worked hand in glove with the U.S. Office of Education during the past year to eliminate paperwork and come up with a common form. I think our efforts were very instrumental in the design of the form that the U.S. Office is using.

One real problem we had was educating State directors to the idea that the school officials simply need to certify satisfacory enrollment. I think we have come a long way in that and I believe when you receive our forms, you will find that a large majority of the States have simplified the certification of the students.

Senator YARBOROUGH. And cutting out a lot of this redtape work.

QUESTIONS OF SENATOR PROUTY

I have a question here that Senator Prouty requested be asked.

Senator Prouty has worked very diligently. He is a member of this committee from Vermont, a member of the minority party, and very diligent on all these programs, as Dr. Muirhead and others know, I will divert from my line of questioning to ask this question on behalf of Senator Prouty:

EXTENSION OF FORGIVENESS FEATURE OF NDEA TO VETERANS

The forgiveness principle is written into the NDEA Title II loans for teaching purposes. This principle would be extended to veterans if S. 2234 were to be adopted. It is suggested that the forgiveness principle be extended to other types of workers, such as social workers.

Could you comment in general about the advisability in your judgment of the extention of the forgiveness principle, realizing that it would ultimately result in scholarships Federally financed?

Who would like to comment on it?

Mr. MUIRHEAD. I will comment on that if I may.

The whole concept of forgiveness, particularly forgiveness for veterans as a result of their military service, is indeed very appealing. I am sure we all want to do all we can to help veterans making the adjustment on their return. I think, however, Senator Yarborough, as we look at the NDEA program, it would be well to keep ever in mind

its basic mission—to help as many young people as possible get a higher education. Perhaps we should not encumber the NDEA program with other missions, fine though they may be.

We know, Senator Yarborough, that ultimately, the NDEA program will reach the point where, as a result of the moneys that have been extended to young people and repaid, there will be a revolving fund in each college and university to provide assistance to financially needy students. I think it would be unfortunate if we kept chipping away at that revolving fund so that what the colleges and universities had looked to as a real goal when they finally realized it became but a shadow of that goal. That is just what has happened and what will happen if we continue to extend the forgiveness concept. The revolving fund would slowly melt away and the colleges would not be able to help the NDEA. So fine as these objectives may be, I would suspect, Senator Yarborough, that they not be placed upon the bank of the NDEA program that you have so carefully advocated and nurtured over the years.

Senator YARBOROUGH. Of course, the forgiveness of the teachers in the original NDEA program was put there because in addition to the deficiency in opportunity for the number of students able to go to college, we had a great shortage of teachers and that was only to encourage a greater number of students to go into the teaching profession.

Just before you started to give your answer, Mr. Muirhead, Dr. Purdy started to say something. Dr. Purdy?

Mr. PURDY. Yes; I have something to say.

FORGIVENESS FOR TEACHERS

In addition to what Dr. Muirhead has said in respect to the revolving fund, I do not think that is really the key issue. Forgiveness is to give a benefit to a certain class for a certain purpose. We said it in the teachers' case to try to encourage students to go into teaching. Dr. Kirkpatrick's study was unable to find that we had really accomplished a purpose.

At the same time, we had created a disparity. With two people in college, one worked hard and borrowed less. The other borrowed more, yet they may be teaching in the same school system, one getting a cancellation, the other not. Yet they are not getting the same benefit. So therefore, whatever should be done to enhance the teaching profession, I certainly would like to see it done for all teachers, instead of just the ones who are fortunate enough to be in an institution that had an NDEA loan for them.

I am a veteran, myself. I would certainly favor consideration to the Vietnam veteran. However, whatever it is we as a society do in recognition of his service, I would like every boy in trenches to participate in equally on some equitable basis. He was in my institution, maybe, where I had a limit of $250,000 at the time when I had 12,000 under graduates to spread this among. Another veteran was in the neighboring institution where there were only 3,000 students. The opportunity of getting an NDEA loan in the other institution was markedly better than it was in mine. Then they go to Vietnam. One gets a benefit and the other one does not.

I hate to see that disparity be written into a program, because I do not think it is evenly distributed.

So let us figure out a better way to recognize the service of the Vietnam veteran.

The other thing that comes into it, the boy who graduated, and by his own effort maybe paid off his loan before he went to Vietnam, receives nothing. The boy who maybe was even less frugal let his loan linger, gets an advance. So we are putting the premium, maybe, on the wrong guy.

So this is the way we would look at it, that is not an educational benefit. The colleges would like to stay in the education business. There are many benefits out there that society ought to be providing, but I would rather not see it get mixed with our educational objectives.

(The Department of Health, Education, and Welfare submitted the following memorandum:)

MEMORANDUM FROM THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE RE EXPANSION OF THE TEACHER CANCELLATION PROVISIONS UNDER TITLE II OF THE NATIONAL DEFENSE EDUCATION ACT

The Department of Health, Education, and Welfare has submitted only one proposal for expansion of the teacher cancellation provisions under Title II of the National Defense Education Act. This relates to teachers who are involved in special contract programs such as those authorized under operation Head Start. The Manpower Development and Training Act of 1962, Upward Bound, and similar activities. As matters now stand, these contract programs are not in all cases a part of the program offered by an elementary or secondary school. Full-time teachers assigned to them do not enjoy the same cancellation privileges as would be the case if the same teacher were employed in the school system to teach exactly the same subject.

On the question of extending cancellation of NDEA loans to other occupational groups, such as social workers; or to a particular category of citizens, such as veterans, the Department is not recommending additional expansion.

There are several reasons for this. First of all, the recently completed study of Federal student loan programs, made under the auspices of the College Entrance Examination Board, found the evidence inconclusive as to the effectiveness of loan cancellation as an incentive for borrowers to enter teaching. There is no additional information within the Office of Education to lead to a different judgment. Second, we believe that the long-range purpose of the NDEA Student Loan Program is to provide for each participating college and university, a revolving fund of sufficient magnitude to yield each year through interest income and repayments of outstanding loans, sufficient funds to meet that year's requirement for new loan advances. Any proposal to extend the present law governing loan cancellation inhibits the attainment of that goal. Third, military personnel are already entitled to forgiveness of interest and deferment of required repayments up to a maximum of three years under the NDEA Loan Program. In addition, following service in the Armed Forces, benefits accrue under the Veteran's Educational Assistance Program. There is a question as to whether or not loan cancellation privileges should be added to these existing programs of benefits. Fourth, we believe that other alternatives should be carefully explored to their potential in expanding the supply of personnel in a given category on the labor market; rather than extending to persons who might go into a particular field, the privileges of cancelling previously acquired loans.

VETERANS' EDUCATIONAL ASSISTANCE

Senator YARBOROUGH. Dr. Purdy, while we are on that subject of veterans, yesterday, when I left this committee, I went over to question Mr. Driver, Director of the VA. We had nearly 16 million veterans of World War II. Slightly over 50 percent took educational or training benefits under the World War II GI bill; 29 percent of those,

due to the vast number, of that 8 million who went to school went to college. The other 71 percent went to high school, vocational or on-the-job or on-the-farm or vocational schools or business types of colleges.

We put in the new GI cold-war bill something never in any others. That is, if the student has not finished high school, the Government will pay him to finish high school before he uses up a single month of his entitlement. Then he can use all his entitlement where they have one, for 2 or 3 years of college.

Under the cold war GI bill, if the veteran is married or has children, he gets an additional allowance of $10 a month for each. With four children, he draws $250 a month. A single veteran would draw $130 a month.

This GI bill is not being used as it should be used. I hold the VA responsible.

I formerly heard as I would drive over my State, go to your county service officer, go to college. You do not now hear any of that on the radio now. They have not been pushing these GIs to go to school.

Now, I want to ask you, as a representative of these colleges and as representatives of the Government, over here in HEW, all of you, through all your organizations, to let these GIs know what this opportunity is. They are over there making that sacrifice for all of us, defending liberty for all of us. They have an opportunity to go to college and not even impinge on these loans. They have allowances; $130 for a single man, $155 if he is married, $175 if he has a claim. That is not enough if he goes to a prestige school and pays higher tuition. But he can go to a public junior college on that. He can go to most State institutions of higher learning on that.

So I ask your aid on that. But that fits in, I think, with what you have said about that——

Mr. PURDY. We would agree wholeheartedly.

Mr. MUIRHEAD. Mr. Chairman, may I respond in part on that and in support of your sterling efforts in support of the veterans. You have also, during the past several years seen to it that there were other programs to help young people get a higher education. As a result of your efforts, the veteran may, in addition to the fine GI benefits which you have discussed this morning, also obtain an NDEA loan. He may expand that further by getting a college work-study opportunity. So the opportunity for the Vietnam veteran is a good deal better than for those who served in the Korean war. I quite agree with you that we should redouble our efforts to bring this to their attention and provide them with the information.

Senator YARBOROUGH. I want to point out to you that this cold war GI bill applies to anyone who entered service after February 1, 1955.

Mr. CRITCHFIELD. May I make a brief comment on the proposed amendment representing the financial aid officers?

Just very briefly?

Senator YARBOROUGH. Yes.

GREATER RETURN TO LENDERS UNDER INSURED LOAN PROGRAM

Mr. CRITCHFIELD. In general, I think it is fair to say that the guaranteed loan has been a very effective means of getting needy students into

higher education. I think its primary deficiency as we have seen it to date has been that there have not been enough private funds generated in certain States within the United States and in certain pockets within certain States. I support the amendment that calls for a greater rate of return to the lender because I believe the increased income to the private lender will generate the kind of capital needed to get the loans into the pockets of the people who need it.

REINSURANCE

I have one reservation on the 80 percent reinsurance proposal, because I think the total cost of education is going to be so great that we are going to need continued support among the Federal, State, and private factors. I happen to believe that continuing the 80 percent reinsurance proposal until 1970 is a good plan, but I think we need to add a stronger incentive to encourage the States to take their fair share of the responsibility than just saying as of 1970, if you have not done something, we will pull out.

INCENTIVE FOR STATE PARTICIPATION

I will throw out for consideration that it needs to be something that will generate interest within those States, such as the possible threat of withdrawing the interest subsidy to the students as of 1970 if the State has not done its part. I happen to disagree with what has been said this morning, that the States which have created strong State agencies are the wealthy States. That is not true of all the States. The State of Pennsylvania stepped in because they saw this as an important objective. They did not have thousands and thousands of dollars floating around to create State agencies. But they provided the funds and I hate to see any threat to withdrawing that support. I think the threat has to be greater than what the amendment proposes.

Other than that I believe the financial aid officers in general offer the amendment full support.

Senator YARBOROUGH. Mr. Critchfield, that is a short, concise statement of your position on it. We welcome that. I would like to have, if the rest of you gentlemen on the panel can give it to us, a short, concise statement of your position.

We had planned to adjourn this hearing at 12. We have held on, but with these bills, my deadline has approached. I would be willing to stay here another hour, but we are required to go to the floor.

Who has another short concise statement?

Mr. MUIRHEAD. May I respond?

Senator YARBOROUGH. Mr. Muirhead?

RECAP OF ADMINISTRATION POSITION

Mr. MUIRHEAD. Basically, the points at issue in the symposium this morning are not very sharp in my judgment. I think this has been an excellent opportunity for us to discuss them with you.

On the point of the involvement of the colleges in the guaranteed loan program, we certainly agree in full with this recommendation.

REINSURANCE

On the matter of reinsurance, it just seems to us if the guaranteed loan program is to meet the objective which the Congress has set out, these loans must be available to all young people, and particularly to those in the middle-income group who cannot benefit from the other student aid programs. A reinsurance feature is essential to meeting that objective.

RETURN TO LENDERS

We also believe that there is need to provide the bankers with a return which is reasonable. We have suggested a proposal for doing that. It represents our best judgment, but in line with Mr. Walker's suggestion, we are perfectly willing to restudy our proposal, with the objective of insuring that the bankers get a reasonable return on their participation.

FEDERAL INSURANCE

Our proposal for continuing the Federal program for 2 years is made quite definitely with the objective of encouraging and assisting the States to get their own houses in order so that we will ultimately have a system of loan programs in this country that will be operated at the State level. We have no intention of continuing the Federal loan program beyond that objective.

PURPOSE OF THE INSURED LOAN PROGRAM

I think also that many of the difficulties that we have heard about the program this morning, concerning whether or not the young person has to come from a family that has an account at the bank, whether or not the banks have given more consideration to low-income families—and for this I congratulate them—I think that many of these difficulties will wither away, Mr. Chairman, with the enactment of these amendments. They are directed at providing a strong enough base and large enough guarantee fund upon which this program can rest. I think we do have to keep in mind that the intent of the Congress here was to extend this loan opportunity to a very large part of the college population.

The college age population is much larger than the population that we are serving through the NDEA. This is a concept which says, in effect, that the higher education costs are increasing to the point where it is becoming burdensome and difficult for families other than low-income families. There is a great deal of support, for example, for a tax credit proposal in the Senate for that very purpose. This particular program in some measure addresses itself to that concern of the middle income family, which is finding it very difficult with one or two or three children in college.

So I would hope that we would consider these recommendations in the light of the objective, the very broad objective of a program that ultimately may be serving 4 or 5 milion young people in this country, and supporting a credit level in the neighborhood of $7 or $8 million. We feel certain that these difficulties which we have encountered as the program has been nurtured and has been carefully devel-

oped, will pass away with these rather far-reaching amendments that we are suggesting to you.

Senator YARBOROUGH. Thank you, Dr. Muirhead.

POSITION OF UNITED STUDENT AID FUND, INC.

Mr. MCCABE. I would like to sum up just briefly—I think I can do it in less than a minute—the nature of the strong reservations which the United Student Aid Funds Corp. has about the proposed 80 percent reinsurance/coinsurance proposal.

REINSURANCE

We see this as a well-meant proposal which will have the inevitable effect of slowing up and snuffing out most of the existing programs. It faces immense difficulties in getting started. For example, in perhaps a half dozen States, Senator Dominick's State among them, it will be necessary that constitutional amendments be adopted before this program could begin to function.

We are also of the view that in perhaps 20 or more additional States, it will be necessary that legislation be enacted before the program can be implemented. We would earnestly commend to you that there be a thoroughgoing lawyer's job of research done on this, so you will know exactly where you stand in terms of the builtin delays that are in this program.

Beyond that, there are tremendous personnel recruitment problems involved. Interlaced in all of this are legal difficulties, problems in the field of private contracts which impair the capacity of State and private programs to multiply reserve funds which have already been encumbered.

We earnestly urge that the ingenious partnership devised in the 1965 act be not now jettisoned after only one full academic year of trial. We think it is much to soon to give up on it. We endorse the praise the Office of Education has lavished on those States which have moved into this field these past 2 years. We think all the States should be given more time—more leadtime and real encouragement. Our proposal would do this under the established structure, with no interruption in service to the students, and without the enormous new costs inherent in this Federal 80 percent plan.

I think I should point out here that simply to extend the act unchanged, without additional such money, would, of course, throw more States under the Federal insurance arrangement, and thus drive State and private money out of the field as effectively, if not quite as quickly, as a switch now to a full 100-percent Federal guarantee for all loans.

Coming back to what I said at the outset, this is perhaps the real lesson of history we should try to learn. If after a period of 2 to 4 years we will have had a full-blown 100 percent Federal program in operation, it is just not realistic to expect the States to step in then, turn back and do at cost to themselves what they have had done for them at no expense by the Federal Government.

Senator YARBOROUGH. Mr. McCabe, being a lawyer myself, I am embarrassed to stop you. I must give these other gentlemen a chance.

I must go to the floor. We would like everybody to have at least a minute on summarization.

Dr. Reeher?

POSITION OF CONFERENCE OF STATE AGENCIES

Mr. REEHER. Senator Yarborough, if I might for the State directors of some 50 States that we represent, including those who take part in the USAF, we feel that the most important thing to be considered is the timing of the legislation and the increased return of the lender. We support the up to $35 fee. We do not care how it is done, actually. The 1-percent proposal of Dr. Walker would be acceptable to us. We just feel that in order to increase the program, we must have more lender return.

Those of us that, except for USAF, have supported the reinsurance proposal, think we differ with the administration in only one category, outside of some little technical clarifications. That is the role of the direct Federal insurance. We think that direct Federal insurance can be there for 2 years as a standby. If Congress very clearly says that at the end of 2 years it is finished, you must have a State program, or if you do something like Mr. Critchfield has suggested, that you will now say that at the end of 2 years, there will still be a loan available, but the interest subsidy would be denied—this would encourage the States to get on the ball.

Senator YARBOROUGH. Dr. Walker?

POSITION OF AMERICAN BANKERS ASSOCIATION

Dr. WALKER. We support all the administration proposals. We would be willing to consider and I think favorably your proposal—not mine—after a 1-percent service charge per year. We support elimination of the postgraduate subsidy. We support giving the student loan officer a much more important and active role in the program.

With respect to this last point, we would be very, very much against extension of the Federal program after mid-1970. I think Mr. Critchfield perhaps overlooked the point that there would be terrific pressure on the State to act, because in 1970, when the Federal program drops, they would not only lose the interest subsidy in the State, you could not even get loans in the State and no State political leadership can stand up to that situation, especially with the matching money that would be available.

Senator YARBOROUGH. I did not advocate the 1 percent. It had been suggested by certain people that perhaps it was the solution. I did not advocate the 1 percent. I asked about it to get it in the record.

Mr. MARSHALL. A guaranteed 30-second comment.

A canvass of the 27 States for whom we operate the program indicates the great majority do not favor the co-insurance proposal.

Senator YARBOROUGH. The majority of 37——

Mr. MARSHALL. Of the 27 do not.

Senator YARBOROUGH. Does somebody else have a summary?

POSITION OF STUDENT FINANCIAL AID OFFICERS

Mr. PURDY. I will just reiterate very briefly first of all, from the institutional standpoint, we have a wonderful program in loans, grants,

and work. We hope that those programs will continue to be funded just as much as the budget can permit. Because we do have a strong program. We appreciate your giving it to us and we are using it and it is helping the kids.

On the guaranteed program, a little increase to the lender. We are not wise enough to say which program it ought to be, but an increase to the lender in order to get more hometown lending institutions involved. Therefore, there will be a greater participation.

And take a good look at the cancellation feature. Instead of spreading it yet further, get it over into more equitable programs and get it out of NDEA.

Senator YARBOROUGH. You mean get the cancellation out of NDEA?

Mr. PURDY. Yes.

Senator YARBOROUGH. So you build up a bigger reserve for educational purposes?

Mr. PURDY. Right.

Any other benefits that can be given, get them into another program where they will be equitable benefits.

Senator YARBOROUGH. Any of you gentlemen have amendments to put in the summing up?

If not, gentlemen, I invite each of you to submit to the committee before March 25—that is the next date we start further hearings on this bill—any of you may send to this subcommittee on or before March 25 a supplementary memorandum in which you set forth any additional comments or data on points raised during the hearings, or any new point that occurs to you on this. Members of the subcommittee may wish to raise questions that they may have with you and if we do, if we write you, we will incorporate those questions and answers in the hearing record.

Yesterday, you were given copies of S. 2334, this guaranteed loan forgiveness for veterans; some of you have commented on it. All of you have not had time. In view of the shortness of time, I would like you to supply us with recommendations on this legislation which is proposed as amendments to the pending bill.

Then I would also request that each of the student financial aid officers advise the subcommittee of the degree to which the NDEA title II allocations to their colleges is insufficient or inadequate and by what percentage does the allocation of NDEA student loan moneys fall below your best estimate of the need for this type of loan in your institution or other institutions in your organization.

I would like to get your needs, in other words, on NDEA student loans.

I have another point, now, in closing.

Yesterday I made a suggestion. I do not believe anyone has had time to comment on that today, dealing with the direct guarantee to college, the suggestion that colleges get the money. I would like to have the attitudes of the colleges on a guarantee of the blanket loan, the amount they need to borrow from the bank, that the college borrow the money from the bank and let the college then lend the money, with a guarantee just like the Federal Government makes a bank, that they will not lose.

Then the college, by that guaranteed loan, might get a big loan, several million dollars to be disbursed. The banks might be able to fur-

nish that without all the expense of the service charge. We propose 3 percent to the colleges in this bill as their expense to save duplication in expense of handling the loan, where the college does a good bit of work and the bank does a good bit of work. Then the bank might bid on a loan of that size to get it for 6 percent or a fraction under 6 percent. I would like to have your opinion on that.

This idea was advanced by the administration years ago, but it was defeated because it was offered as a substitute to NDEA. I do not throw this out as a substitute to NDEA. It would be based on what you think of the student in college, rather than whether the student's parents had an account in the bank.

I do not see any way to get away from the fact that the bank are human beings like everybody else and if they have only enough money to make one loan and they have two and they have a customer who has been there a long time, it is pretty hard to turn him down—he says I have been borrowing money and have had an account here for 20 years—to give the loan to somebody they have never seen.

Dr. Walker mentioned Graham, Tex. I imagine the smaller the town, the more difficult it would be to turn down the customer of long standing. So I would like you to consider that alternative, that the Federal Government guarantee the school the amount, the school borrow it in book from the bank, the school get the service charge for processing, the school to decide which student gets that guaranteed loan.

I know some colleges have resisted this because they say they do not want to get into the bank business, they want to stay in the education business. But I think that is a lesser objection than the fact that the loan, under the economic system under which we work, must of necessity go to students who have some connection with the bank, if they have this limited amount under the present tight money market; and very few economists I see are predicting a relief from the scarcity of money in this country in the immediate future.

I am thinking of this as an optional program, not as absolute. I would like to have your observations on that as middle ground between the bank's objections to service charge and not having them. Certainly we need these guaranteed loans. As shown, 760,000 students are in college with those loans. We do not know what percentage of those students would not be in college without them, but certainly there would be number in there that could not go to college at all.

Certainly, they are in need of that money or they would not go borrow it. I wanted to comment some with respect to the questions asked by Senator Dominick, but he is not here, comment on the status of families of low income. I taught in rural schools for 3 years and in one of these districts, I do not think there was a landowner in the district. Every person in there was a tenant farmer. In families of low income, there is a great fear of loans. They have seen foreclosures, they have seen in the old days their mules and horses taken away with a short crop. In modern days, they have seen farm machinery taken away. They have seen machinery taken out of their homes, washing machines, sewing machines. You talk with people of low income and they have seen collectors come in and take their possessions out of their homes. People of low income have a fear of debt.

So this is a factor that needs to be considered, too, and whether the students of low-income families are going to be offered full oppor-

tunity by being told, now, you go borrow some money and sign notes. They have seen their families have things in the home taken that they considered very necessary, such as sewing machines, taken away right out of the home because it could not meet an installment.

I invite also any comments on the amendment I have offered—the universal postsecondary educational amendment. I would like to have that for discussion. I would like to have that study.

Dr. Muirhead is required to make the study. I believe in universal postsecondary higher education.

I went to the U.S. Military Academy for 1 year. The Federal Government paid all of my expenses. I do not think it stifled my initiative, ruined my moral precepts, or made me a worthless bum because somebody was paying all of my tuition that year.

To decide that you are going to destroy the morale of the people if you get enough money to go to college—I think the influence on his character, his outlook on life is benefited, his character is strengthened and his whole desire to serve his community is furthered by the college education. I believe that implicitly.

I went to a school of minimal cost, what they called the normal institute then, a State teachers college in my State, where it was very inexpensive, for two terms. I went to a State university and I do not believe that going to institutions of higher learning with loans, with grants if you can get them for people of low income—I think scholarships are preferable to the other, NDEA loans or any kind of loans; I just do not believe that the moral fiber of people is weakened if you do not bring them out with a yoke on their necks.

Gentlemen, we invite your remarks, additional answers to all these questions, or any comments you care to make by the 25th of March.

In short, I think if America is to be saved, education is the thing that will save it. I have faith in education as the greatest thing needed in American life.

Thank you very much for coming here and engaging in this discussion.

We stand in recess until March 25 at 9 o'clock.

At this point in the record I order printed pertinent communications and other materials received by the subcommittee.

(The material referred to follows:)

STATE CORRESPONDENCE

STATE OF FLORIDA,
DEPARTMENT OF EDUCATION,
Tallahassee, January 18, 1968.

Hon. GEORGE A. SMATHERS,
U.S. Senator, Congress of the United States
Washington, D.C.

DEAR SENATOR SMATHERS: Because of the proposed amendments to Title IV, Part B of the Higher Education Act of 1965, I am enclosing for your information and consideration the position statement approved by the Florida Student Scholarship and Loan Commission on January 10, 1968. Also enclosed is a report on the Guaranteed Loan Program in Florida as of December 31, 1967. I feel that this position is sound and properly reflects the thinking of officials of Florida colleges and lending institutions on the Guaranteed Student Loan Program.

Your consideration will be greatly appreciated.

Sincerely,

FLOYD T. CHRISTIAN, *Superintendent.*

Position Statement on the Guaranteed Loan Program by the Florida Student Scholarship and Loan Commission

The Guaranteed Loan Program was established in Florida in September, 1966 under the Higher Education Act of 1965. The Florida Student Scholarship and Loan Commission was designated as the single state agency to supervise the operation of the program and the program has been operated by contract through the facilities of United Student Aid Funds. Florida's share of the advance funds appropriated by Congress for the purpose of establishing and strengthening state programs is now fully encumbered. The Higher Education Act of 1965 provides for a Federal program of student loans for students who do not have access to a state or private non-profit program of guaranteed student loans. The Federal program has been implemented in sixteen states and is expected to be implemented in a total of thirty by the end of January.

The Florida Student Scholarship and Loan Commission recommends that additional Federal advance funds be provided. Several proposals amending the Higher Education Act are now in Congress, one of which is to provide additional advance funds to the states. However, it does not appear that action will be taken on these proposals for several months.

Since the success of the Guaranteed Loan Program is dependent upon the participation of lending institutions, we recommend the provision of a fee to the lending institutions to remove the loss factor in the handling of these loans. We do not wish to impose, by the implementation of a Federal program, new forms, new procedures and a new program on the lending institutions of Florida who have supported the existing program by granting $4,460,630.00 in student loans; nor do we wish Florida students to suffer because of the delay and complications inherent in the process of changing from a familiar and accepted program.

The Higher Education Act of 1965 provides that no student will be denied the benefits of the Guaranteed Loan Program, based on consideration of his family income or his lack of need. This has the effect of denying the Student Financial Aid Officer the opportunity to become a meaningful participant with the student and the lender in providing financial assistance. It further encourages the concept of convenience, rather than need, as a basis for student loans. The Commission recommends that any student loan program provide that responsible college officials recommend loans in reasonable amounts based on educational costs and the students resources, and that financial need be a determining factor in the granting of loans to students.

Because of the urgency of students having access to a Guaranteed Student Loan Program during the 1967–68 academic year, the Commission has earnestly sought a source of funds in order to maintain the present state program. Under the Federal program no reserves are required and the loans are guaranteed by the credit of the Federal Government. It does not appear that state funds are available to maintain the present program, nor is there the early prospect of funds which could serve as a basis for requesting a delay in the implementation of the Federal program.

FLORIDA STUDENT SCHOLARSHIP AND LOAN COMMISSION, GUARANTEED LOAN PROGRAM, FEDERAL ADVANCE $193,556.00 [1]

	Outstanding loans				Unused capacity
	Number	Amount	Cumulative Number	Cumulative Amount	
1966					
October	72	$53,640.00	72	$53,640.00	$1,841,114.00
November	629	450,706.25	701	504,346.25	1,390,433.75
December	361	257,490.00	1,062	761,836.25	1,173,723.75
1967					
January	270	174,440.14	1,332	936,276.39	999,283.61
February	380	259,935.23	1,712	1,196,211.62	739,348.38
March	189	115,635.00	1,901	1,311,846.62	623,713.38
April	92	56,111.50	1,993	1,367,958.12	567,601.88
May	148	91,945.98	2,141	1,459,904.10	475,655.90
June	145	79,956.64	2,286	1,539,560.74	395,999.26
FEDERAL ADVANCE $252,507.00 [1]					
July	457	$337,065.00	2,743	$1,875,875.74	$2,584,754.26
August	630	473,896.83	3,373	2,349,772.07	2,110,857.93
September	1,192	889,478.16	4,565	3,239,250.23	1,221,379.77
October	651	497,773.25	5,216	3,737,023.48	723,606.52
November	426	313,286.66	5,642	4,050,310.14	410,319.86
December	425	314,465.00	6,067	4,364,775.14	95,854.86

[1] Under the guaranteed loan program, advance funds placed on deposit with United Student Aid Funds create a loan capacity of 10 times the amount of the deposit.

DEERFIELD, ILL., *June 27, 1967.*

Hon. WAYNE MORSE,
U.S. Senate, Washington, D.C.:

To protect State involvement, Higher Education Act of 1965, Public Law 89–329, section 429(A)(1), should be amended to enable Commissioner to utilize existing State and nonprofit agencies, if Federal insurance program is implemented.

LEE NOEL,
Director, Illinois Guaranteed Loan Program,
Deerfield, Ill.

STATE OF LOUISIANA,
LOUISIANA HIGHER EDUCATION ASSISTANCE COMMISSION,
Baton Rouge, June 30, 1967.

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

DEAR SENATOR MORSE: For your information we are attaching hereto a photocopy of a telegram sent to the senators from Louisiana, U.S. Senator Russell B. Long and U.S. Senator Allen J. Ellender, with respect to your amendment to the Higher Education Act which will permit the U.S. Commissioner of Education to work through state-guaranty agencies and non-profit guaranty agencies in connection with the issuance of certificates of insurance on student loans.

We wish you luck in your endeavor and hope you will advise us of the outcome of your efforts.

Respectfully,

RICHARD W. PETRIE,
Executive Director.

Senator RUSSELL B. LONG,
Senator ALLEN J. ELLENDER,
Senate Office Building,
Washington, D.C.:

As administrator of Louisiana Student Loan Program respectfully urge your strong support of Senator Wayne Morse's amendment to Higher Education Act of 1965 (Public Law 89–329) which is now in Education Subcommittee of Senate Committee on Labor and Education, and will amend Section 429(A)(1) of the law to permit the U.S. Commissioner of Education to use Federal certificates of insurance on student loans to lenders through the state guaranty agency or non-profit guaranty agency. Legal ruling is that present law restricts U.S. Commissioner to issue such certificates of insurance direct to lenders, and does not allow dealing through states as we would desire. Possible action to be taken on amendment by Senate Committee today.

RICHARD W. PETRIE,
Executive Director,
Louisiana Higher Education Assistance Commission.

U.S. SENATE,
COMMITTEE ON THE JUDICIARY,
Washington, D.C., August 31, 1967.

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

DEAR WAYNE: As you are aware, the federally guaranteed college student loan program has not operated to its maximum potential in recent years. The Executive Director of the Maryland Higher Education Loan Corporation has written to me detailing problems faced by lending institutions in Maryland with regard to this program. A copy of that letter is enclosed. I believe that the problems discussed in the letter are shared across the nation, and I hope that you will include this letter as part of forthcoming hearings on proposals to improve the student loan program.

In view of the vital importance of the student loan program in making funds available to students who might not otherwise be able to afford college education, I urge you to take action to ensure that this program operates with maximum effectiveness.

Sincerely,

JOSEPH D. TYDINGS.

MARYLAND HIGHER EDUCATION LOAN CORP.,
Baltimore, Md., August 23, 1967.

Hon. JOSEPH D. TYDINGS,
Senate Office Building,
Washington, D.C.

DEAR SENATOR TYDINGS: The guaranteed student loan program administered by this agency for the State of Maryland has grown at a rate that exceeds even the most optimistic forecasts for this year. We have, during the past seven weeks, guaranteed 75% more student loans than we did in the same period last year. Some of this growth can be attributed to a wider knowledge of the program among the high schools, colleges and vocational schools in the State but the impetus given to the program by the Higher Education Act of 1965 appears to be responsible for much of it.

In spite of the rapid growth there are a number of students who are unable to take advantage of the program and we estimate that for every two students who receive a guaranteed loan, there is at least one who is unable to find a lender who will lend him money under this program. The unwillingness of many lenders to participate in the program has been caused by the increased amount of paper work involved in handling this type loan and the low return on the principal advanced. Most banks, savings and loan associations and credit unions do not look at this loan as a money-making loan, but rather one on which they break even and provide a public service to the community. Now with the Federal changes under the Higher Education Act and the current

economic conditions, many of them are losing money on every guaranteed student loan that they make.

President Johnson appointed a committee headed by Treasury Under Secretary, Joseph W. Barr, to study the program and they found two principal areas in which improvement is needed in order for the program to grow. First, the number of participating lenders must be increased to make more loan funds available, and second, more guarantee capacity must be provided in many states.

The committee recommended the following legislative changes:

1. Give the Department of Health, Education and Welfare the authority to pay lending institutions an application fee up to $35 per loan. (Lending institutions cannot be expected to continue to make many student loans without profit or at a loss and they should be entitled to some reimbursement for the administrative cost of making these public-service loans.) A similar fee would also be paid to cover the costs of converting the loans to a repayment status when the student leaves school. The recommendation also provided that this handling fee be retroactive for all loans made after June 1, 1967.

2. Combine the separate vocational and higher education loan programs to reduce the administrative costs for the lender, the guarantee agency and the Office of Education. This would also simplify both programs.

3. Give lending institutions the option to allow Federal interest benefits to accrue, eliminating the administrative burden of collecting the interest from the Office of Education on a quarterly, semi-annual or annual basis. A lending institution could collect all interest benefits when the loan repayment is completed and the Federal Government would pay interest on the accrued interest.

In addition to the legislative proposals, the committee recommended several administrative changes which will not require legislative approval. These involve simplification of application forms and administrative procedures.

Some of the procedures and forms, both Federal and State, have been simplified and the Barr Committee recommendations on legislation were sent to Congress by Secretary Gardner in June.

The President sent a letter to Senator Lister Hill and Congressman Carl Perkins on August 9, pointing out that the next few weeks are critical insofar as both lenders and borrowers are concerned. He noted that several hundred thousand students and their families are looking forward to these guaranteed bank loans as a source of meeting fall semester expenses and for that reason urged early consideration of the recommendations.

Hearings are now under way before Mrs. Green's Subcommittee on Education and indications are that the proposed amendments would attract new lenders into the program and encourage present lenders to add additional commitments to the amount they have set aside for this type of loan.

With the opening of the fall semester just a few weeks away and many prospective lenders still waiting for a decision from Congress on these recommendations, we will appreciate anything you can do to help get these amendments enacted.

If you would like to have any additional information on the program, please do not hesitate to let me know.

Sincerely,

JAMES A. LEAMER, Jr.,
Executive Director.

BOSTON, MASS., *April 23, 1968.*

HON. WAYNE MORSE,
Chairman, Committee on Education,
U.S. Senate, Washington, D.C.:

With increase of Federal Reserve Bank interest to 5½ percent and commercial interest rates to prime borrowers now 6½ percent, this makes it imperative if banks and other sources are to participate in educational loans under the higher education act of 1965, that the authorized interest on such loans be raised to at least 7½ percent. Our previous letters describe working of this system and assure banks support of student loans if interest charge is economic.

MASSACHUSETTS HIGHER EDUCATION
ASSISTANCE CORP.,
HELGE HOLST, *President.*
JOSEPH F. COSGROVE,
Executive Director.

MASSACHUSETTS HIGHER EDUCATION ASSISTANCE CORP.,
Boston, Mass, April 16, 1968.

HON. WAYNE MORSE,
Chairman, Committee on Education,
U.S. Senate, Washington, D.C.

DEAR SENATOR MORSE: Because of our many years of active participation in, and securing the guaranteeing of, loans for educational purposes, we are keenly aware of the importance of funds for this purpose. As you—and the whole nation—recognize, education—higher and vocational education—constitutes the principal hope of making young people employable in our complex society. With the high level of living costs, in addition to educational costs, almost every family and student is finding it necessary to secure financial assistance for educational purposes.

We are led to write to you because of recent developments in hearings before your committee. We know that serious thought is being given to securing adequate funds for loans under the Higher Education Act of 1965. We have previously written to you our thoughts on this matter, based on twelve years of experience. Because of the severe demands being made on the federal treasury for civil rights and urban development, as well as meeting military costs, it seems to us imperative to repeat to you the fundamentals of our previous suggestion that loans for educational purposes can be and will be provided entirely from private sources if the interest rates are made very nearly economic.

As you are well aware, consumer credit is being employed in this country on a very large scale and these loans regularly bear an interest based on the entire amount of the loans for the entire period. This is so customary a form of borrowing that, in fact, students are quite willing to borrow under these conditions. And certainly they prefer to be able to obtain loans under these conditions rather than be refused loans because lending agencies cannot or will not make a larger proportion of their lending funds available under an artificially imposed interest rate.

All circumstances considered, including the willingness and ability of the student to pay the necessary interest and, therefore, the lack of necessity for the government to provide the loan funds, we urge that the threatened shortage of funds for educational purposes be avoided by the allowance of an interest charge not in excess of five and one-half percent of the full amount of the loan for the full period. Our continuing close contact with the banks and other sources assures us that, under these circumstances, banks and other lenders will gladly honor their responsibility to the community by providing these loans, and the purposes of the federal programs will be met without the necessity for federal funding.

Sincerely yours,

HELGE HOLST,
President.
JOSEPH F. COSGROVE,
Executive Director and Treasurer

STATE OF NEW JERSEY,
DEPARTMENT OF HIGHER EDUCATION,
Trenton, N.J., February 29, 1968.

HON. CLIFFORD P. CASE,
U.S. Senate, Washington, D.C.

DEAR SENATOR CASE: At the present time Congress has under consideration various amendments to the Higher Education Act of 1965. Among these are modifications in the so-called guaranteed loan program. I believe that the previsions for implementation of the federally insured loan program should be continued. I also believe that the other proposed amendments would be beneficial.

I want to point out to you that last fall, because we ran out of state funds to support the state guaranteed program, we shifted to the federally insured loan program. For the period ending December 31, 1967, more than 20,000 loans were made to both the state and federal programs in an amount in excess of $20 million. This was an increase of more than 61% compared to a similar period in 1966. Loans guaranteed in January 1968 showed a 39% increase over January 1967.

While I believe that we have a good state loan program which should be continued, it has been extremely helpful to college-bound students in New Jersey to have available the federally insured program, and I hope that you will exert every effort to have this federal program continued.

With every best wish.

Sincerely,

RALPH A. DUNGAN, *Chancellor.*

STATE OF NEW JERSEY,
DEPARTMENT OF EDUCATION,
Trenton, N.J., June 15, 1967.

Hon. WAYNE MORSE,
Education Subcommittee,
U.S. Senate, Washington, D.C.

DEAR SENATOR MORSE: As a member of the federal liaison committee of the National Conference of Executives of Higher Education Loan Plans, I was sent a copy of Mr. Kenneth R. Reeher's letter to you dated June 5, 1967. May I take this opportunity to express my whole-hearted support of his comments.

Another example of what can happen when "seed" money for a guaranteed loan program is properly planted can be seen in New Jersey's experience. Last year, about 12½% of the residents attending post-secondary schools, both in state and out, were assisted by a loan guaranteed by the New Jersey Higher Education Assistance Authority. For the coming year, the Authority is prepared to receive a record-breaking number of loan applications. The volume should reach 25,000 applications which will probably result in guaranteed loans worth more than $20 million. This compares to an estimate of 17,000 loans worth $16 million guaranteed for FY '67. During FY '66, more than 6,000 loans were guaranteed worth $5 million.

In my opinion, the keys to the success of this program are the guarantee agencies and the lenders; there must be funds to guarantee the loans and there must be dollars to lend or there cannot be a program. Therefore, everything possible must be done to encourage state legislators to make funds available for guarantee purposes and incentives provided to encourage the making of loans. Anything short of this would result in weak state programs which would cause the activation of a federal program with all costs borne by the U.S. Treasury. This in turn, would be certain to have undesirable effects on the support now enjoyed or about to be attained for some state programs. To date, the New Jersey legislature has responded admirably and has appropriated funds to insure full development of the guaranteed loan program. Their continued support is expected and it would not surprise me to see it expand during the coming year.

Please do not hesitate to call on me at any time you feel I may be of assistance in this matter.

Sincerely yours,

WILLIAM C. NESTER,
Assistant Director,
State Scholarship and Student Loan Programs.

NEW YORK HIGHER EDUCATION ASSISTANCE CORP.,
Delmar, N.Y., March 18, 1968.

Hon. RALPH W. YARBOROUGH,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR YARBOROUGH: During the course of the hearing on the Guaranteed Loan portion of Senate 3098, it was not possible to inform your committee that since the start of operations in June 1958 this Corporation had guaranteed 425,458 loans totaling $352,433,456 for students at attend approved higher and vocational institutions not only in New York but also in all other states and foreign countries. For this fiscal year, the Corporation will guarantee more than 100,000 loans.

In addition to the guarantee function, the collection of defaults and recruiting of lenders, which is a normal duty of a guarantee agency, this Corporation also has paid interest on behalf of students to lenders. Based on our size and our complete operation, we feel that the New York program indicates the potential that should be reached in all parts of the Nation under the provisions of the Higher Education and Vocational Education Acts.

In the interest of the records maintained by the Committee, it appears to us that a review of the testimony of Allen D. Marshall, President of United Student Air Funds, appears to have one serious error. On page eight of his written testimony he states that the "after graduation subsidy will reach an astounding $330,000,000 a year by 1972." To support this amount of payment of interest at 3% it would require that $11 billion of loans be in repayment at that time. It is our impression that this figure is not realistic and we do not believe that the Office of Education projections would support this statement.

I am sorry that there was no time on Wednesday to discuss the *proposal of colleges becoming guaranteed student loan agencies.* From talks we have had with college people on this subject, while they are anxious to carry out the National Defense Student Loan Program as currently constituted, that despite the payment of an administrative fee, the *collection of student loans would be onerous and many feel that lending institutions are better equipped to handle this service.* If colleges were to become guarantee agencies they would have to establish large collection sections and many education institutions feel this is not in keeping with their main function. In addition, the guaranteed loan program covers not only the four year colleges but also two year colleges, many non-degree granting schools and private vocational schools. It is our impression which we feel is shown by the College Entrance Examination Board study conducted for Congress, that the methods now being used by the states to guarantee loans, in the long run, will serve more students in a better manner.

At the Wednesday meeting Mr. McCabe of the United Student Aid Funds suggested that, in the various states where there may be a problem of implementing the Federal reinsurance proposal, a legal opinion be obtained. If this is done, we would suggest that legal opinion also be sought as to whether there would be any more of a legal problem in these same states of accepting reinsurance than of accepting seed money.

Thank you for providing the National Conference of Higher Education Loan Plans an opportunity to appear before your committee to discuss the proposed legislation. We all feel that the future course of America depends upon training and education of its youth. It is our belief, based on experiences in each of our states, that through the Guaranteed Loan Program we are assisting thousands of worthy students attain their educational goal.

Sincerely yours,

E. D. HOLLISTER, JR.

STATE OF OREGON,
EDUCATIONAL COORDINATING COUNCIL,
Salem, Oreg., July 14, 1967.

Hon. LISTER HILL,
U.S. Senator, Washington, D.C.

DEAR SENATOR HILL: It has recently been brought to my attention that certain states will benefit from further Federal subsidies under the Federal Guaranteed Student Loan Program that appear to be inconsistent with previous representations made by the U.S. Office of Education. The Oregon State Legislature passed into law a Guaranteed Student Loan Program for the 1967–69 biennium after the Education Coordinating Council had been advised that no further Federal appropriations would be available, and if the program were to continue, it would be through State initiation only. It was on this advice and in good faith that the state of Oregon acted.

Now, current law has the U.S. Commissioner of Education making direct grants to states which have used their present allocation of guaranteed funds. The only way for those states to participate is by allowing the Office of Educations to make loans without regard to state administration and lending organizations. It is our feeling that this action is inconsistent with the earlier representations and that states failing to comply with these representations and the intent of the Guaranteed Student Loan Program now stand to receive what we consider to be an inequitable benefit. This will, of course, place the state administrators of the program and their lending organizations in an uncomfortable light with their respective legislative bodies. If the Federal Guaranteed Student Loan Program is to continue to receive Federal reserve subsidies, it is our strong belief that these reserves be equitably distributed among all states regardless of their stage of development.

More importantly, we believe that the law should be amended to allow the U.S. Office of Education to implement the Federally insured program through state

or nonprofit agencies only, and that there be no provision for direct Federal guarantees for the student applicant. Also, the law should allow a means of defraying the administrative costs of the program. If the Federally subsidized reserves are to be continued, it is our feeling that the fee of one-half of one percent would be appropriate.

Your urgent attention to this matter would help assure the equitable implementation of the Guaranteed Student Loan Program.

Sincerely,

BEN LAWRENCE,
Executive Director.

STATE OF OREGON,
EDUCATIONAL COORDINATING COUNCIL,
Salem, September 25, 1967.

Hon. WAYNE MORSE,
U.S. Senator, Washington, D.C.

Dear SENATOR MORSE: I have been in correspondence with the House Subcommittee on Education pertaining to the Guaranteed Student Loan Program. It has occurred to me that I should also advise you concerning the views we have expressed. I have held a number of discussions on this matter with financial aid officers, legislators, the Legislative Fiscal office, the Governor's office, and the Executive Director of Oregon's Scholarship Commission. In addition to my previous comments to you under my letter of July 14, 1967, we do have some concerns pertaining to this program.

As we have developed Oregon's State Guaranteed Student Loan Program, relating it to the Federal Interest Subsidy Program, we have had much concern over its potential. The Federal Interest Subsidy Program makes it profitable for students who have funds for college to borrow money. Oregon's previous loan volume has been restricted by three rather deliberate actions in the State within the limits of the act. 1) We have deliberately not publicized the program. We feel it necessary to reserve the funds for the most needy. 2) The financial aid officers have used counseling as a deterrent to unnecessary loans. 3) The banks have approved loans on a limited basis because of the poor interest rates.

When it becomes common knowledge that these loans and favorable interest rates are available, we forsee a tremendous expansion in the program. This could easily develop into a program involving 75 percent of Oregon's enrollment if guarantee money and lender support are available. We have questioned Oregon's ability to put up the guarantee funds for such a program.

Oregon has not established a cash reserve fund for guarantee purposes, but has provided a continuous appropriation against the general fund—in effect a pledge against the State treasury. We have estimated anticipated defaults and administrative costs which have been appropriated from the general fund. Each biennium both the default and expense costs and the guarantee appropriation will have to be increased.

We feel that a change in the interest subsidy program would serve as a useful check on the unbridled expansion of this program.

We would favor a proposal to modify the interest subsidy during the repayment period with a view to encouraging loan repayment after graduation. Perhaps this could be related to the relative need of the student at initiation of the loan. While we desire the interest subsidy to be available to those that need it during the repayment period, we feel that the program should not be a vehicle to enable students and parents to manage their private capital.

A further check on the expansion of the program, and one that would make the program more equitable, would be to provide more authority and latitude to financial aid officers in the award process. Needs should be considered. The $15,000 income limit is arbitrary and not always just. Perhaps a discretionary formula approach that would consider family income of over $15,000 might well have needs just as great as a small family with an income of $10,000. General criteria could be established by the Federal Government under which a state plan could be devised by the state loan agency to determine detailed eligibility requirements.

We feel that continued Federal support in terms of additional "seed money" to the states and the "co-insurance" proposals are necessary to enable the states to meet the anticipated expansion of this program. We desire that both "state guarantee reserve funds" and "state treasury guaranty pledges" be eligible under the Federal proposals.

We believe the lender support of this program must be improved. A proposal to make the program reasonably profitable to the lender seems in order. We have no way of knowing the magnitude of the additional incentives necessary to accomplish this. We have been approached by loan associations who wish to participate in the program. We were surprised at their sudden change in heart. They inform us that they are now interested for two reasons. 1) They anticipate that the Federal subsidy will be increased and, 2) They are convinced that the program serves as a useful contact of future profitable customers.

To sum up, we would support the proposals for additional "seed money" and for a co-insurance program. We have concerns over the potential of this program and would favor modification of the interest subsidy to provide a check on expansion. We would like to see a flexible needs test applied under the jurisdiction of a state plan.

Sincerely,

BEN LAWRENCE,
Executive Director.

STATE OF OREGON,
EDUCATIONAL COORDINATING COUNCIL,
Salem, July 14, 1967.

Hon. WAYNE MORSE,
U. S. Senator, Washington, D.C.

DEAR SENATOR MORSE: It has recently been brought to my attention that certain states will benefit from further Federal subsidies under the Federal Guaranteed Student Loan Program that appear to be inconsistent with previous representations made by the U.S. Office of Education. The Oregon State Legislature passed into law a Guaranteed Student Loan Program for the 1967-69 biennium after the Educational Coordinating Council had been advised that no further Federal appropriations would be available, and if the program were to continue, it would be through State initiation only. It was on this advice and in good faith that the State of Oregon acted.

Now, current law has the U.S. Commissioner of Education making direct grants to states which have used their present allocation of guaranteed funds. The only way for those states to participate is by allowing the Office of Education to make loans without regard to state administration and lending organizations. It is our feeling that this action is inconsistent with the earlier representations and that states failing to comply with these representations and the intent of the Guaranteed Student Loan Program now stand to receive what we consider to be an inequitable benefit. This will, of course, place the state administrators of the program and their lending organizations in an uncomfortable light with their respective legislative bodies. If the Federal Guaranteed Student Loan Program is to continue to receive Federal reserve subsidies, it is our strong belief that these reserves be equitably distributed among all states regardless of their stage of development.

More importantly, we believe that the law should be amended to allow the U.S. Office of Education to implement the Federally insured program through state or nonprofit agencies only, and that there be no provision for direct Federal guarantees for the student applicant. Also, the law should allow a means of defraying the administrative costs of the program. If the Federally subsidized reserves are to be continued, it is our feeling that the fee of one-half of one percent would be appropriate.

Your urgent attention to this matter would help assure the equitable implementation of the Guaranteed Student Loan Program.

Sincerely,

BEN LAWRENCE,
Executive Director.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
OFFICE OF EDUCATION,
Washington, D.C., August 8, 1967.

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

DEAR SENATOR MORSE: Thank you for your letter of July 27 to Commissioner Howe on behalf of Mr. Ben Lawrence, Executive Director, Educational Coordinating Council, State of Oregon.

The Higher Education Act of 1965 provides that the Commissioner of Education establish a Federal Insured Loan Program in any State when the State or private nonprofit agency in a State has exhausted its reserve capacity and is unable to guarantee loans for students under the Act. Under the Federal Insured Loan Program, the Federal Government would insure the loans made by lenders within the State which the State or private guarantee agency was unable to guarantee because of the total encumbrance or their loan reserves. If at such future time as the State reserves are replenished, the Commissioner would discontinue the Federal program.

Several States have exhausted their loan capacity, and it is now necessary to implement the Federal Insured Loan Program in those States if students are to receive the benefits of the Act. We are, however, working on a proposal whereby the Federal Government will reinsure the guarantee funds in a State, thus increasing the endorsement capacity of each State. This would eliminate the need for Federal insurance.

This proposed change in the program will require legislative action. Until such action can be taken, we propose to implement the Federal program, at the request of the Governor in those States wherein the guarantee capacity has been exhausted.

If the Office of Legislation can be of further assistance, please let us know.

Sincerely yours,

ALBERT L. ALFORD,
Assistant Commissioner for Legislation.

STATE OF OREGON,
STATE SCHOLARSHIP COMMISSION,
January 30, 1968.

To: All lending and educational institutions.
From: E. B. LEMON, Chairman,
Oregon State Scholarship Commission,
Box 3175
Eugene, Oreg.
Subject: State guaranteed student loan program.

The demand for student loans under the Oregon Guaranteed Student Loan Program, inaugurated at the beginning of the school year, has far exceeded the estimate of the State Scholarship Commission. In fact, only $400,000, of the biennial estimate of the $2,400,000, remains. At the rate of present activity, this $400,000 would last only five or six weeks.

In an attempt to allow the Commission to extend the program until July 1, 1968, several limiting steps must be taken. The importance of the July 1 date is in regard to the possible federal legislation that would increase the guarantee capacity of the State Scholarship Commission by four times. If the legislation passes, normal program operations will resume July 1. If legislation does not pass the Commission will request that the Governor of Oregon contact the Office of Education and ask that they implement a direct federal guarantee loan program. At any rate, the program will resume full operation July 1, whether it is administered by the State Scholarship Commission or the Federal Government.

To assist the Commission in meeting this emergency the cooperation of all educational and lending institutions concerned, is requested. The Commission in session January 29, 1968, directed:

1. As of 11:00 a.m. January 29, 1968 there is a moratorium on all loan activities which will extend until March 1, 1968. Educational and loaning institutions are advised to cease all initial loan activities until that date. Payout notes, cancellations, adjustments and other transactions will continue as normal.

2. Loans should be held to the lowest possible figure and no loan shall exceed $500.00.

3. Educational institutions will recommend only those loans they deem necessary to maintain the enrollment of the borrower.

4. Loans by the lending institutions shall not exceed the amount approved by the educational institution.

5. Lending institutions may have better information about the financial status of the borrower and his family than the educational institutions and is therefore free to reduce or to refuse any requests.

6. It is understood that the extenuating circumstances may exist on very rare occasions. In such cases careful consideration will be given the applica-

tion but such circumstances must be fully justified on the basis that the exception is necessary in order that the borrower remain enrolled.

The Commission feels that if the above policies are implemented, operations of the State Guaranteed Loan Program will be maintained until July 1, or such a date that it is indicated that federal legislation will not be enacted.

The Commission thanks you for your cooperation in this emergency.

Sincerely,

E. B. LEMON, *Chairman.*

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
OFFICE OF EDUCATION, BUREAU OF HIGHER EDUCATION,
Washington, D.C., February 15, 1968.

Reply to attention of: DSFA:ILB:GAS.
Mrs. SHERMAN M. DEARTH,
708 Roanoke Avenue,
Bend, Oreg.

DEAR MRS. DEARTH: This will further reply to Senator Wayne Morse's letter of February 5, 1968.

The National Defense Student Loan is administered entirely by the participating colleges and universities. Consequently, in your son's case he would only be able to obtain an NDEA loan through Linfield College. March, however, is not too early to apply for a loan under this program for this academic year starting in September.

Under the provisions of the Higher Education Act of 1965, the Oregon State Scholarship Commission is administering the Guaranteed Student Loan Program on a somewhat limited basis at this time due to the shortage of its program reserve funds. In fact, the Commission has declared a one month moratorium to allow the State to ascertain its further course of action in this particular field of financial aid. Normally, the lack of credit background has not resulted in loan denials. On the contrary, the program was designed to specifically assist such students and the 100% guarantee of the loan places it in a relatively riskless category to the lender. In addition, many students have received both NDEA loans and guaranteed loans in the same year, when their educational costs were sufficient to warrant such amounts. We suspect that this moratorium may have had an effect in determining the adverse decision which the bank reported concerning your son's application.

A copy of the notice recently sent by the Oregon State Scholarship Commission is enclosed for your information.

The Oregon State Scholarship Commission has been working with representatives of the various lending institutions in Oregon in an effort to encourage the lenders to participate more fully in the program. However, under the Act, the decision to make a loan and to whom the loan is made still rests with the individual lender and despite efforts to date, not all of the lenders in your State have elected to participate in the program. We are enclosing for your convenience our latest list of participating lenders in your area and a copy of "Aids to Students", which you may find helpful.

If we can be of further assistance, please do not hesitate to contact us.

Sincerely yours,

JAMES W. MOORE,
Director, Division of Student Financial Aid.

RHODE ISLAND HIGHER EDUCATION ASSISTANCE CORP.,
Providence, R.I., April 9, 1968.

Senator WAYNE MORSE,
Room 209, Old Senate Office Building,
Washington, D.C.

DEAR SENATOR: It is our considered opinion that the continued success of the Student Loan Program as administered by the State Guaranteeing Agencies, is contingent upon a higher return for the lenders. They are definitely losing, substantially, in processing loans at the present level of 6% per annum simple interest.

As an inducement to encourage their participation in this great endeavor and as a stimulant to those wavering prospective lenders on the side lines, we respectfully request your support for bills numbered S. 1126, 3098, and 3099.

Very sincerely,

E. E. CHASE, *Executive Secretary.*

STATE OF VERMONT STUDENT ASSISTANCE CORP.,
Burlington, Vt., April 1, 1968.

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

DEAR SENATOR MORSE: If the Guaranteed Student Loan Program is to continue to be a success, we believe the adoption of improvements contained in S. 3098 (H.R. 15067), Part B, is essential.

Enclosed is a copy of our analysis of the guaranteed loan program in Vermont, and our recommendations for improvement. We urge your support of this proposed legislation.

Most sincerely,

MAX W. BARROWS, *Executive Director.*

Enclosure.

STATE OF VERMONT STUDENT ASSISTANCE CORP.,
Burlington, Vt.

S. 3098 (H.R. 15067)—Part B.—Revision of Public Laws 89–287 and 89–329

I—*Introduction:*

The Vermont Student Assistance Corporation was created by a special act of the Vermont General Assembly of 1965. This act authorized the Corporation to guarantee student loans, and appropriated $20,000. as a reserve fund for each of fiscal 1966 and 1967. The Corporation also assumed responsibility for the outstanding loans approved by a special committee authorized by the 1964 General Assembly, without appropriating a reserve fund for these loans.

Contracts were signed with the U.S. Office of Education by our chairman when the Higher Education and Vocational Education Acts of 1965 became operative. In the fall of 1967 our State and Federal funds were fully committed by the heavy demands for student loans and our Governor, Philip H. Hoff, applied for participation in the Federally Insured Student Loan Program for any new student borrowers, while an appropriation by the State Emergency Board enabled the Corporation to continue the approval of student loans of previous borrowers.

II—*Need for Revision of Public Laws 89–287 and 89–329*

After two (2) years of experience in administering four *different* student loan programs, we are convinced improvements are needed which are included in H.R. 15067. During this two year period we have conferred with, and personally visited, all of the lenders in the student loan programs in our state. These conferences and our experience leads us to the following conclusions:

1. There are *too many different* student loan programs, each slightly at variance with the others. This results in confusion on the part of the lenders. For example: The insurance premium rate for the state program is ½% and the federally insured program is ¼%.

2. There is duplication and excessive paper work on the part of the lenders. To illustrate: The lenders must file *separate* forms for interest benefits for Public Law 89–287 and for 89–329. These two programs need consolidation.

3. The demand for student loans may well exceed the loan capability of the lenders unless loans can be limited to actual student "need". For example: In one of our Vermont banks having several branch banks, the number and amount of student loans has *increased* from 18 loans totaling $13,372. in 1963, to 455 loans for a total of $430,100, in 1967.

4. The lenders need at least a "break-even" amount for operation of the student loan programs. This would be possible *if* the Congress would authorize a service charge for each student loan.

In Vermont, the 1968 General Assembly has approved an increase in the legal interest rate on home mortgages from 6% to 6½%. We believe this action may seriously limit the funds which lenders will make available to student loan programs.

III—*Recommendations*

We recommend the passage of S. 3098 (H.R. 15067)—Part B, to improve the administration and operation of guaranteed student loan programs.

1. Appropriate $12,500,000, with a minimum of $25,000, for each state, requiring state matching funds to encourage and improve state agencies in the development, extension and administration of the guaranteed student loan program.
2. Authorize a service charge, or application fee, not to exceed $35.00 for lenders to be paid by the U.S. Office of Education. (H.R. 15067, Section 426(B))
3. Establish a "need" factor as a requirement for all student loans, and require the *approval* of the loan application by the college or school financial aid officer.
4. Merge the Higher Education and Vocational Education loan programs. (H.R. 15067, Section 430)
5. Increase Federal Insurance Premium on all loans to one-half of one percent. (H.R. 15067, Section 428)
6. Authorize the use of guaranteed loan as matching funds for Educational Opportunity Grants to higher education institutions.

Though we are in agreement with other improvements in the guaranteed student loan program contained in H.R. 15067, Part B, we believe the above recommendations are most needed for Vermont.

Respectfully submitted.

MAX W. BARROWS,
Executive Director.

STATE EDUCATION ASSISTANCE AUTHORITY,
Richmond, Va., April 4, 1968.

Hon. WAYNE MORSE,
U.S. Senator,
Senate Office Building,
Washington, D.C.

DEAR MR. MORSE: Your Subcommittee on Education is now considering certain amendments to the Higher Education Act of 1965. I am familiar with the testimony presented to your Subcommittee by the National Conference of Executives of Higher Education Loan Plans and heartily agree with the most important parts of the statement.

I am taking the liberty of writing you about the situation in Virginia (and probably in most other states) regarding compensation of lenders. Although we have executed Participation Agreements with a wide list of lenders throughout our State, we are encountering increasing resistance to making these guaranteed long-time student loans at six percent interest. They involve much paper work, many bookkeeping entries and much follow-up with the borrowers. Many banks have rigidly restricted these loans to customers and others are virtually making no new student loans. I feel that students attending college in 1968–69 are going to have a very difficult job in obtaining guaranteed loans unless the lenders have their interest return improved.

Sincerely yours,

ROBERT T. MARSH, Jr.,
Executive Director.

STATE OF WISCONSIN HIGHER EDUCATIONAL BOARD,
Madison, Wis., April 8, 1968.

Hon. WAYNE MORSE,
Chairman, Senate Subcommittee on Education,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MORSE: This letter is to seek your support for early passage of the Higher Education Amendments of 1968, H.R. 15067.

As you know, higher education has been facing a serious crisis during the last decade. Rising enrollments, spiralling costs, and insufficient financial resources have prevented the nation's higher educational institutions from providing an appropriate educational opportunity to all citizens. This has come at a time when the country is facing critical manpower shortages in nearly all professional and skilled occupations. While the current economic and world situations have exacerbated the crisis, the Congress must move quickly to at least insure that the present level of support to higher education is maintained.

As Director of Student Support Activities for the State of Wisconsin Higher Educational Aids Board. I am of course most concerned about those Federal pro-

grams which provide financial assistance to students. The Higher Education Amendments of 1968 extend the Higher Education Act of 1965 through fiscal year 1970. The extension includes the Educational Opportunity Grants, National Defense Student Loans, Work Study, and Guaranteed Student Loan programs. Since institutional financial aid officers throughout the country are now preparing aid awards for the 1968–69 academic year it is important that action be taken on the amendments as soon as possible.

The State of Wisconsin Higher Educational Aids Board administers the Guaranteed Student Loan Program through the Wisconsin Higher Educational Corporation. Recently Mr. Kenneth Reeher, Chairman of the National Conference of Executives of Higher Education Loan Plans, appeared before both the House and Senate subcommittees on Education regarding proposed amendments to the guaranteed student loan program. As a member of the National Conference, I endorsed Mr. Reeher's testimony which basically supported the changes proposed by the U.S. Office of Education. Specifically I support the following proposals: To insure adequate income to private lenders, placement and consolidation fees and/or an increase in the interest rate from 6% to 7% should be enacted; To insure the administrative success of the guaranteed student loan program, strong State Agencies should be encouraged and maintained; to expand the guarantee capacity of the country, additional "seed" money should be provided and the coinsurance feature implemented; and to increase the administrative integrity of the guaranteed loan program, the various technical amendments should also be enacted.

During the 1968–69 academic year, we are going to face a serious shortage of student aid resources not only in Wisconsin but throughout the Country. I again urge your support of the Higher Education Amendments of 1968 so that early passage is possible.

If you have any questions regarding Wisconsin's student financial aid structure, please feel free to contact me at any time.

Sincerely,

RICHARD H. JOHNSTON,
Director, Student Support Activities.

COLLEGES AND UNIVERSITIES

BETHEL COLLEGE,
OFFICE OF THE DEAN OF STUDENTS,
St. Paul, Minn., January 19, 1968.

Hon. EUGENE MCCARTHY,
Senior Senator, Minnesota,
U.S. Senate,
Washington, D.C.

DEAR SIR: I am enclosing a copy of an article by Mr. Marshall, President of United Student Aid Funds. The things which he says in his article, I strongly believe are very true and should be considered when modifications of the Guaranteed Loan are made.

I am not a supporter of some of Mr. Marshall's other ideas, but I do feel as he does, that steps must be taken to assure the needy students that money will be available for them when they need it.

Although I am but one voice representing only 1,000 college students, here are a few personal suggestions:

1. Require Financial Aids Officers to consider financial need when recommending loans. The state of Wisconsin requires this, and from my vantage point, this procedure works well. I am enclosing one of their applications, so that you can see how it is done.

2. Assist the banks by paying them a processing fee. It will help to take the loans out of the non-profit category.

3. Consider the advisability of letting the student pay full interest after graduation. This would eliminate considerable interest and paperwork. In my experience, very few students would find this difficult.

I do wish to commend the Congress for establishing this program. In this academic year especially, it has allowed many of our students to remain in school. Please do everything in your power to see that it is effectively continued.

Sincerely,

MRS. BETTY HARDLE,
Financial Aids Officer.

[From United Student Aid Funds Newsletter, January 1968]

Loans of Convenience—Is The Concept Sound?

United Student Aid Funds believes today, as we believed when we were founded seven years ago, that nonprofit guaranteed loans should be reserved for students who really need the money to meet the costs of their college education.

We took our position then primarily on moral grounds. It is now increasingly evident that the entire guaranteed loan program will be in danger of collapse if need continues to be eliminated as a loan factor. Banks make guaranteed loans at a financial sacrifice. Increasingly, the available funds are being drained off by students whose families are perfectly capable of financing them. This is an injustice not only to the truly deserving student, but to the lending institution as well.

Form HEA-4000

State of Wisconsin
COMMISSION FOR HIGHER EDUCATIONAL AIDS
115 West Wilson, Madison, Wisconsin 53703

WISCONSIN STUDENT LOAN PROGRAM

STATE OFFICE USE ONLY	H.S. _____ CO. _____
	W.R. _____ Award Type _____
	DATE _____ AMT.$ _____
	Inst. Code _____ Yr. in School _____

SECTION I – RESIDENCY INFORMATION AND INSTITUTIONAL ENROLLMENT DATA

SOCIAL SECURITY NUMBER | NAME LAST FIRST MIDDLE MAIDEN | ☐MALE ☐SINGLE ☐FEMALE ☐MARRIED | HOME PHONE A.C. | DATE OF BIRTH (MO., DAY, YR.)

PERMANENT HOME ADDRESS NUMBER AND STREET CITY COUNTY STATE ZIP CODE | SINCE (MONTH, DAY, YEAR)

PREVIOUS HOME ADDRESS NUMBER AND STREET CITY COUNTY STATE ZIP CODE | SINCE (MONTH, DAY, YEAR)

WISCONSIN RESIDENT ☐YES ☐NO | NO YRS | PRESENT MAILING ADDRESS NUMBER AND STREET CITY STATE ZIP | HAVE YOU FILED AN INCOME TAX RETURN WITH THE WIS. DEPT. OF TAXATION ☐YES ☐NO | IF YES, WHEN (MONTH, YR.)

YEAR IN COLLEGE (FALL TERM) 1 2 3 4 5+ | ARE YOU AN ENTERING FRESHMAN? ☐YES ☐NO | NAME OF INSTITUTION ADDRESS CITY STATE

If single, complete only A and B, if married complete A, B, and C below

A. (Check One) ☐FATHER ☐STEP-FATHER ☐GUARDIAN

NAME | NATURAL FATHER LIVING ☐YES ☐NO | U.S. CITIZEN ☐YES ☐NO | OCCUPATION

HOME ADDRESS STREET CITY COUNTY STATE | SINCE (MONTH/YEAR)

PREVIOUS ADDRESS STREET CITY COUNTY STATE | SINCE (MONTH/YEAR)

WHEN AND WHERE DID HE LAST REGISTER TO VOTE | HAS HE FILED A TAX RETURN WITH THE WISCONSIN DEPARTMENT OF TAXATION ☐YES ☐NO | FOR WHAT YEARS

B. (Check One) ☐MOTHER ☐STEP-MOTHER ☐GUARDIAN

NAME | NATURAL MOTHER LIVING ☐YES ☐NO | U.S. CITIZEN ☐YES ☐NO | OCCUPATION

HOME ADDRESS STREET CITY COUNTY STATE | SINCE (MONTH/YEAR)

PREVIOUS ADDRESS STREET CITY COUNTY STATE | SINCE (MONTH/YEAR)

WHEN AND WHERE DID SHE LAST REGISTER TO VOTE | HAS SHE FILED A TAX RETURN WITH THE WISCONSIN DEPARTMENT OF TAXATION ☐YES ☐NO | FOR WHAT YEARS

C. IF MARRIED, HUSBAND OR WIFE COMPLETE

NAME | BIRTH DATE | U. S. CITIZEN ☐YES ☐NO | OCCUPATION

HOME ADDRESS STREET CITY COUNTY STATE | SINCE (MONTH/YEAR)

PREVIOUS ADDRESS STREET CITY COUNTY STATE | SINCE (MONTH/YEAR)

IF ELIGIBLE WHERE AND WHEN DID SPOUSE LAST REGISTER TO VOTE? | DATE OF MARRIAGE | NO. OF CHILDREN | DIVORCED ☐YES ☐NO | IF YES, WHEN?

HAS HE/SHE FILED AN INCOME TAX RETURN WITH THE WISCONSIN DEPT. OF TAXATION ☐YES ☐NO | IF YES, FOR WHAT YEARS?

PARENTS DIVORCED? | IF YES, WHEN (MONTH, YEAR) | TO WHOM WAS CUSTODY GRANTED

SECTION II – LIST ALL PREVIOUS STATE LOANS

Date	Amount	Date	Amount

SECTION III – FEDERAL INTEREST BENEFITS

List all other student loans received this academic year:

Date	Amount	Lendor

SECTION IV – INSTITUTIONAL CERTIFICATION

1. Total cost of attending this institution $ | 2. Sources of Financial Aid Available:

A. Parent Contribution $ | B. Savings, Scholarships, Loans $ | C. Empl. & Other Inc. $

Total of A, B, and C $ | Student's Financial Need (No. 1 minus Total of No. 2) $

I recommend that this student be allowed to borrow the following amount $

Certified By | Title | Date

There is no magic way to stretch the amount of money that can be set aside for guaranteed loans. If a loan goes to a student who can get along without it, that much less is available for the one who cannot.

The Higher Education Act of 1965 was based on the position that NDEA loans were provided for students from lower income families, and that guaranteed loans should provide for the great middle-income group. United Student Aid Funds and the bankers disputed this distinction at the time. The latest data available to compare the incomes of families of students with NDEA loans with those having loans guaranteed by United Student Aid Funds revealed no essential difference between the two groups.

We hold that the determining factor in making a guaranteed loan should not be whether the borrower's father is making $3,000 or $30,000 a year. Rather, the criterion should be whether the student, after using all his existing financial resources sensibly, still cannot meet all his college expenses—and so might be forced out of school for lack of funds.

We contend that the financial aid officer at the college is the best qualified person to evaluate the student's budget situation and decide whether a loan is advisable or necessary.

Unfortunately, the Higher Education Act provides specifically that need shall not be taken into consideration in making guaranteed loans. The Act set off a boom in such loans, as was intended. The annual volume jumped from $150 million in 1964–65 to more than double that amount in 1965–66. It could well double again in 1967–68.

But how much of that increased amount represents genuine need—and how much is artificially stimulated demand?

Demand can be manipulated. Need cannot. It is a maxim of the advertising business that demand, given sufficiently powerful promotion, can be built to any size. The demand for loans today is running at about three times what it was a year ago. In some states it is ten times as great.

A loan on which the borrower pays no interest while in school, and only 3% interest thereafter, is a highly attractive proposition. The many students whose families have funds can turn a profit just by keeping their own money in the bank at 5% interest while covering an equivalent part of their school expenses through guaranteed loans. It has even been suggested that a student who was not smart enough to take advantage of that kind of deal was not smart enough to be in college.

How many borrowers now take out guaranteed loans not as a necessity but as a convenience, or a matter of good business? Clearly the number is increasing. Both bankers and college administrators report a sharp rise in loan applications from students who appear to have adequate resources. More and more students are borrrowing automatically up to the full $1,000 limit.

As an illustration, is was recently reported that one state which has had a guaranteed loan program in effect since 1960 has a record of increased volume as follows:

Academic years:	
1960 through 1966	$15,000,000
1967	15,000,000
3 Months of 1968	15,000,000

The effects of this unrealistic approach to students' financial problems are beginning to come into view—and they could spell disaster for the entire guaranteed loan program.

With no consideration of need required, or even permitted, the billion dollars worth of nonprofit loans anticipated shortly will be only a taking off place. The Commissioner of Education has estimated that there will be three million student borrowers by 1972. This could mean loans of $3 billion a year, or $12 billion for each college generation. Taking an average payout of seven years—the maximum permitted is ten—there will be $23 billion outstanding at any one time. That is about a fifth of all the installment credit now outstanding in the entire country—and the figure is based on the assumption that only about a third of the students will borrow. If the rest decide to borrow as well (and under the present law there is no reason why they should not) this figure could be around $60 billion outstanding in nonprofit loans—nearly two thirds as much as the present grand total of installment credit of all kinds.

The situation will never get that far out of control, of course. Long before the dollar value of outstanding student loans reaches a major fraction of $23 billion, the commercial lending institutions will have stopped lending under the

program. However vast their resources and however great their goodwill, they cannot keep between $20 billion and $60 billion tied up in nonprofit loans.

The result of the open-ended borrowing now getting under way can only be the complete collapse of the guaranteed loan program, with inevitable tragedy for hundreds of thousands of students. We do not believe the country will permit that. Whatever form the next version of the Higher Education Act may take—whether the guaranteeing is handled by private agencies, the states, the Federal Government, or all three—a reasonable provision directing the financial aid officer of the educational institution to recommend the amount of the loan based on his evaluation of the student's real need must be at the heart of the bill.

ALBERT MARSHALL, *President.*

CLARK UNIVERSITY,
OFFICE OF THE PRESIDENT,
Worcester, Mass., September 20, 1967.

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

DEAR SENATOR MORSE: I would like to call your attention to a serious problem arising from the discontinuation of support by Worcester banks of the federally sponsored Guaranteed Loan Program. All but one of the Worcester banks, including the bank which made the first of these loans nationally, have decided to discontinue this service. This leaves hundreds of college students without adequate funds to pursue their education.

On a visit to Clark not long ago, Mr. Pierson, our Financial Aid Officer, drove you to the Boston airport. At that time, he voiced concern regarding the reduction of National Defense Student Loan funds and the substitution of the highly publicized Guaranteed Loan Program using private bank resources.

The fears brought forward at that time have proven to be real. The Guaranteed Loan program has not worked. I urge that you share our concern and make a concerted effort to see that the interests of college students are not jeopardized by the lack of loan funds.

Faithfully yours,

FREDERICK H. JACKSON, *President.*

CLARK UNIVERSITY,
OFFICE OF THE PRESIDENT,
Worcester, Mass., September 22, 1967.

Hon. EDWARD W. BROOKE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR BROOKE: I am writing to ask your assistance with a matter that is vital to the future of higher education. During the past few years many of our students at Clark University have been hampered by a lack of adequate financial assistance in their attempt to gain a college education. Although the Department of Health, Education and Welfare has presented a fine array of new aid programs to help students, the situation is growing critical.

This University was most active in the effort to continue the National Defense Loan Program two years ago. As you remember, this program was to be phased out and a Guaranteed Loan Program financed by the private sector would, it was hoped, take its place.

The Guaranteed Loan Program has not worked in the Worcester Area. At the moment, all but one bank has discontinued this service to students, including the bank which made the first loan of this type in the nation. Furthermore, Clark received only sixty percent of its requested National Defense money for 1967–68 and therefore had to depend heavily upon the federally guaranteed loan program. At a time when our dependence on this program is greatest, it appears that no program actually exists.

In understand that the Worcester situation is not unique. Apparently banks throughout the nation are restricting their participation in the Guaranteed Loan Program. New legislation has been proposed to make the Loan Program more attractive to banks and I urge your most concerted support of the legislation to assure that the interests of college students are not jeopardized by the lack of loan funds. Their education is vital to the future development of our great country.

Faithfully,

FREDERICK H. JACKSON.

DARTMOUTH COLLEGE,
OFFICE OF FINANCIAL AID,
Hanover, N.H., March 27, 1968.

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

DEAR SENATOR MORSE: I'm sure it will not surprise you to be told that many financial aid officers think that Mr. Allen D. Marshall, President of United Student Aid Funds, Inc., is more interested in the perpetuation of his own organization and his own position in that organization than he is in the welfare of American education.

I am taking the liberty of sending you a copy of a letter which I have just written to him concerning his views on the federal reinsurance of guaranteed loans. I hope very much that your subcommittee will find it possible to take into account the viewpoint which I have expressed here, for I know it represents the viewpoint of many financial aid officers throughout the country.

Sincerely,

ROBERT K. HAGE.

DARTMOUTH COLLEGE,
OFFICE OF FINANCIAL AID,
Hanover, N.H., March 27, 1968.

DEAR MR. MARSHALL: The March 15 edition of "Higher Education and National Affairs," published by the American Council on Education, reports (on page 5): "Allen D. Marshall, President of United Student Aid Funds, Inc., contended that the proposal for federal reinsurance of guaranteed loans would drive states and non-profit organizations from the field."

Perhaps they did not state your views correctly or completely, but if they did, I feel compelled to question whether this is a proper stand for USA Funds to take for the good of higher education as a whole.

I am not speaking officially for Dartmouth College, where I am Director of Financial Aid, or for the New Hampshire Higher Education Assistance Foundation (the state's loan agency), of which I am a trustee, but I do know that the federal reinsurance of guaranteed loans is important to both of these organizations, and believe it to be equally important to other colleges and other state loan agencies.

Without such reinsurance, the New Hampshire loan program may not be able to take care of the valid needs of its students next year (we do not make loans to persons who do not qualify for the interest subsidy). The converse of your statement may very well be true: the failure of passage of the federal reinsurance proposal may force the federal take-over of our state's loan program which is now a private program.

Many needy students from *other* states are now unable to get guaranteed loans at Dartmouth or elsewhere because their states do not have sufficient reserve funds to take care of the demands. As a result, many colleges are having difficulty meeting the legitimate loan requests of needy students. Since we do not get all the National Defense funds which we request each year, we rely heavily on the state loan programs to fill the ever-growing needs of students who meet all reasonable criteria for judging financial need. If those programs can be strengthened by the federal reinsurance provisions, students and colleges stand to gain.

With all due respect, it seems to me that some of your statements, if properly reported, are undermining the state guaranteed loan programs—or they will do so if your advice is heeded by Congress. May I suggest that, while your position may be in the best interests of United Student Aid Funds, it is not in the best interests of the colleges and of many college-bound students.

Sincerely,

ROBERT K. HAGE.

THE COLLEGE OF IDAHO,
OFFICE OF THE PRESIDENT,
Caldwell, Idaho, March 5, 1968.

Hon. LEN B. JORDAN,
U.S. Senate,
Washington, D.C.

DEAR LEN: We are advised that the Congress is considering the advisability of continuing appropriations to Part B Title IV PL 89–329 "The Guaranteed Loan Program of the Higher Education Act of 1965".

May we express our interest in the continuation of this program and request your support in its expansion as a source of support for students in Idaho?

College of Idaho students are making effective use of the state sponsored program and The College of Idaho has provided from its own resources additional loan capacity before and after the Federal program was implemented. We strongly believe that the benefits of this program are financially sound and the loan responsibility educationally beneficial to students.

Your cooperation and support of this program as it is discussed by the Congress will be most appreciated and we believe to the best interests of the students in Idaho.

Cordially,

WARREN B. KNOX, *President.*

JEFFERSON COLLEGE,
Hillsboro, Mo., July 24, 1967.

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

DEAR SENATOR MORSE: I am pleased to learn that you plan to reopen the question of permitting newly established institutions to participate in the Title III program of the Higher Education Act of 1965. As I indicated in my letter, these institutions may be in greater need of a helping hand than some of the earlier established institutions.

Please advise me if we can provide you with any further information.

Sincerely,

CHARLES J. MCCLAIN, *President.*

CENTRE COLLEGE OF KENTUCKY, *Danville, Ky., July 3, 1967.*

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

DEAR SENATOR MORSE: The Kentucky Association of Student Financial Aid Administrators, founded in May 1967 by twenty-seven college and university student financial aid officers representing seventeen Kentucky institutions of higher learning, has adopted the following resolution with respect to the Guaranteed Loan Program, on which proposed legislation is now before Congress. Your consideration and influence is important.

"Whereas the student financial aid officer is in a position to possess the most accurate and dependable knowledge of a student's financial ability to meet the educational expenses at his institution, and the student financial aid officer must coordinate and effectively relate various programs of financial assistance to students; and Whereas the Guaranteed Loan Program is designed to assist students to meet *essential* expenses of their college programs, and there is clear evidence that a part of the available but limited GLP funds go for unnecessary borrowing; and Whereas the student financial aid officer is by law prohibited from a recommendation to the lender regarding a Guaranteed Loan Program application from a student, the Kentucky Association of Student Financial Aid Administrators urges Congress to amend the law so as to allow a counseling recommendation from the student financial aid officer to the lender."

Thank you for your interest.

Sincerely yours,

W. BARRY DIXON,
President, Kentucky Association of
Student Financial Aid Administrators.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
OFFICE OF EDUCATION,
Washington, D.C., February 27, 1968.

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

DEAR SENATOR MORSE: Thank you for your request of February 8 on behalf of Dr. Mark Scully, President of Southeast Missouri State College, regarding the Guaranteed Student Loan Program.

In accordance with the Committee reports and the legislation enacted pertaining to implementation of this program, the Office of Education has predicated its position on the following conditions.

The role of the college is to provide basic eligibility data concerning the student and to report that the amount of the loan is consistent with educational costs, other aid received, etc. The tests of financial aid required of applicants for Educational Opportunity Grant awards, College Work-Study assignments and National Defense Student Loans are not now and should never be made a part of the Guaranteed Student Loan Program.

Introduction of the classic "need" criteria would compact the guaranteed loan population into the NDSL mold—and negate the original, broad purpose for which the Guaranteed Student Loan Program was established. It should be pointed out, parenthetically, that "need" is defined differently by college financial aid officers and by bankers. The former are concerned with assessing a family's ability to pay as a means of calculating financial aid awards. On the other hand, the banker looks at "need" as a direct function of costs—that is, a student whose educational costs are $1,200 will "need" a $1,000 loan but not a $1,500 loan.

The basic purpose of the Guaranteed Student Loan Program is to provide long-term deferred pay-back credit to any student who desires to borrow money to meet part or all of his educational expenses. We have no evidence to indicate that proceeds of these loans are being used for other than educational purposes.

Dr. Scully's comments concerning "abuses" appear to be based on a confusion of purposes as between the Guaranteed Student Loan Program and that authorized under Title II of the National Defense Education Act.

If the Office of Legislation can be of further assistance, please let us know.

Sincerely yours,

ALBERT L. ALFORD,
Assistant Commissioner for Legislation.

U.S. SENATE,
Washington, D.C., January 17, 1968.

Hon. WAYNE MORSE,
Chairman, Education Subcommittee, Committee on Labor and Public Welfare, 4226 New Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: This is with further reference to our October 14, 1966–January 10, 1967, correspondence concerning the views of Dr. Mark Scully, President of Southeast Missouri State College, Cape Girardeau, Missouri, on the student financial aid programs.

Dr. Scully has again written us on this subject, per the enclosures; and we would be interested in such comment as you might care to make with respect to this suggestion.

Sincerely,

STUART SYMINGTON.

Enclosures.

SOUTHEAST MISSOURI STATE COLLEGE,
Cape Girardeau, Mo., January 10, 1968.

Hon. STUART SYMINGTON.
Hon. EDWARD V. LONG.
Hon. PAUL C. JONES.

GENTLEMEN: At its regular meeting yesterday, the Missouri Commission on Higher Education, which is the policy-formulating body for the State of Missouri, went on record requesting that any further extension of the present Federal Guaranteed Loan Program for college students or any modification of its have incorporated within it a provision authorizing the colleges and universities which borrowing students attend to have the authority to determine need and the amount needed which is sought from a bank. You are aware of the great abuse that has taken place under the present program. I am enclosing a Xeroxed copy of an editorial published by the United Student Aid Fund Corporation entitled "Loans of Convenience—Is the Concept Sound?" Practically none of this money has been loaned to students from low income families. Nearly all of it has gone to families with incomes of more than $10,000 a year. It is absolutely ridiculous.

Very truly yours,

MARK SCULLY, *President.*

GUARANTEED LOANS REPORTED AND PROCESSED BY DECEMBER 1967 [1]

Adjusted family income levels [2]	Number of borrowers	Percent of total	Average loan
0 to $2,999	31,903	11.5	$677
$3,000 to $5,999	57,976	20.2	662
$6,000 to $8,999	75,822	26.4	687
$9,000 to $11,999	71,685	25.0	737
$12,000 to $14,999	44,779	15.6	780
$15,000 to $17,999	2,471	.9	829
$18,000 or more	1,135	.4	868

[1] Source: Preliminary summary of the first 268,771 guaranteed loans totaling $203.500,000 reported to and processed by the U.S. Office of Education.
[2] Adjusted family income in the majority of cases is gross income.

NORTHWEST NAZARENE COLLEGE,
Nampa, Idaho, March 8, 1968.

Senator LEN B. JORDAN,
Senate Office Building,
Washington, D.C.

DEAR SENATOR JORDAN: Word has come to us (through our Idaho State Commission) that continuation of the Federally Insured Student Loan Program under Title IV of the Higher Education Act of 1965 may be in jeopardy. In our opinion, termination or cut backs in this program would be an unfortunate mistake for higher education in the United States unless something adequate is substituted; and, at this point, we do not know of an adequate substitute.

For the first time, we have a Federal Student Loan Program which is economically and educationally justifiable as a permanent, or at least long-run, program of student aid. Over all it is much sounder than the National Defense Student Loan program and offers practicable opportunity for merging long-run provisions of the NDSL program into it at the first politically opportune moment. It has two real advantages: 1) having professionally qualified financial institutions, rather than colleges as in the NDSL program, perform the lending and repayment function; and 2) not requiring colleges to allocate already less than adequate tuition revenues as approximately ten per cent "backing" for loans as in the NDSL and USAF programs. The first advantage relieves the college of undue and inappropriate burden and puts the loan on a more business-like basis. The second relieves the often arbitrary linking of loan fund availability to college budgetary restrictions rather than actual student needs.

Current trends point up the fact that students are having to assume an increasingly larger share of current operating expenses of colleges. Our country must come up with a long-run plan for enabling these students to pay their fair share of college costs.

The Federally Insured Student Loan Program admittedly needs refinements in several areas, but we believe these refinements are politically and economically feasible. Over all this is the soundest student loan program we have, and we need to come up with a way to make it available to students of all states rather than to throw out the whole program because under present regulations and interpretations it appears to discriminate against students from states which have a state student loan program. This is of special concern to Idaho students because Idaho does not have a state student loan program.

We stand ready to work with you in any way we can to increase the short- and long-run practicability of our system of Feleral aid to college students. We think one place to start is by keeping and improving the Federally Insured Student Loan Program.

Sincerely,

JOHN E. RILEY, *President.*

EASTERN NEW MEXICO UNIVERSITY,
Portales, September 12, 1967.

CHAIRMAN, EDUCATION SUBCOMMITTEE,
SENATE LABOR AND WELFARE COMMITTEE
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I write to you in support of an Amendment No. 210 to the Higher Education Act (S. 1126) which I understand will be considered by your subcommittee soon.

As I understand it, this Amendment would provide added incentives for banks to grant loans to students, particularly those involved in vocational education.

We in higher education find that many vocational students are seriously in need of financial assistance in order to complete their education or training.

I would sincerely appreciate whatever support you may give to passing this vital amendment.

Sincerely,

CHARLES W. MEISTER, *President.*

NEW MEXICO STATE UNIVERSITY,
University Park, N. Mex., September 25, 1967.

Hon. WAYNE MORSE,
U.S. Senator, Washington, D.C.

DEAR SENATOR MORSE: The students of New Mexico State University are vitally interested in Amendment 210 to the Higher Education Act (S. 1126). Many of our students come from homes with limited incomes and cannot continue their education without outside financial assistance. We continually lose students because of financial reasons.

Since the youth of a nation is its most valuable resource, all means should be used to fully develop and utilize their learning capacity. New Mexico State University will be indebted to you for all you will do to pass this Legislation which will strengthen and improve the Guaranteed Student Loan Program.

Sincerely,

R. B. CORBETT, *President.*

UNIVERSITY OF PITTSBURGH,
OFFICE OF THE DEAN, STUDENT AFFAIRS,
Pittsburgh, Pa., March 21, 1968.

Hon. RALPH YARBOROUGH,
U.S. Senator, Subcommittee on Education,
Washington, D.C.

DEAR SENATOR YARBOROUGH: Following our testimony before your committee on March 12 and 13th, you suggested that any of us with additional thoughts on the proposed amendments to the Guaranty Student Loan Program forward our thoughts in writing.

I indicated during the testimony that I felt the necessity of strengthening the existing state agencies and creating them where they do not now exist. I do believe that the provisions for the direct federal insurance should be extended through June 30, 1970. In addition, I believe additional incentive is necessary to inspire the citizens of the states to insist that state governments provide funds for their strengthening the Guaranty Loan Program. Thus, my suggestion during testimony was that the Congress consider removing interest subsidy for all loans after June 30, 1970, if the states have not taken adequate action to assume their share of the burden.

I realize that the Office of Education staff disagrees with my concern. My opinion is formed as a result of being very active in the College Entrance Examination Board study of last summer. I believe I properly reflect the feeling expressed in many of the states during our interviews, that many of the states do not believe that the federal government would ever withdraw its support for students beyond any threatened date. Therefore, I believe the strenthening is necessary to the extent that the Congress desires the states to assume part of the financial burden for financing higher education.

Secondly, you asked us to reflect upon your proposal that institutions operate the Guaranty Loan Plan with direct credit lines to banks within a state. While this is not an impossible administrative project, I do believe it requires considerable study to hope that it might work smoothly. In any event, the higher educational institution would necessarily have to assume considerably increased administrative costs, and I am not certain that all institutions would be willing to do this without subsidization from either the federal or state governments. Actually, the idea of the higher educational institutions administering the Guaranty Loan Plan was suggested in a "pool of credit" idea expressed in the previously referred to "College Board Study."

May I close by again stating my gratitude for the opportunity to appear before the Subcommittee on Education. I must also commend you, Senator Yarborough, for your very firm stand on the importance of the National Defense Student Loan

Program in higher education. Without a doubt in my mind, it is the most vital link toward accomplishing universal higher education for all qualified students short of the eventual legislation necessary to make higher educational totally free for all students. Frankly, if NDSL funds were made available to meet the needs of all truly "needy" students at all institutions, the Guaranty Loan Plan would exist only for loans of convenience for the middle and upper middle income families. In the current academic year, NDSL appropriations fell short of institutional needs by at least $75,000,000 nationally. Thus, many college financial aid officers must use the Guaranty Loan Plan as a resource for their "needy" students, regardless of the primary intent of Congress as to the purpose of the Guaranty Loan Plan.

Sincerely yours,

JACK B. CRITCHFIELD, *Dean.*

BANKS AND FINANCIAL INSTITUTIONS

ARLINGTON HEIGHTS, ILL.,
FEDERAL SAVINGS & LOAN ASSOCIATION,
Arlington Heights, Ill., February 12, 1968.

Hon. WAYNE MORSE,
Old Senate Office Building,
Washington, D.C.

DEAR SIR: Arlington Heights Federal Savings and Loan Association heartily applaudes the actions of the Congress to provide college loan funds for deserving students thru the U.S.O.E. Accordingly, our Association is participating in the program to a limited extent via the Illinois Guaranteed Loan Program, as we feel that it is a service to the community that we can offer.

However, we also feel that the performance of a service should not impose a hardship on the lender in the manner of uncompensated costs. Such is now the case. Would it not be reasonable to assume that were these additional costs to be compensated for, those lenders already participating in the program would do so to a greater extent and those who were not participating at all might do so? Our own feelings in the regard, supported by opinions expressed in conversations with other lenders in our area, tend to make us believe this to be true.

Several recommendations have been advanced as means to eliminate these added costs, the most direct and pertinent being:

1. Placement and conversion fee to a maximum of $35.00 per year.
2. To reduce accounting problems, the elimination of the split interest billing (3% to borrower and 3% to U.S.O.E.) has been advised by means of one of the following:
   a. Have student pay entire 6%
   b. Have U.S.O.E. pay entire 6%
   c. Have student pay entire 6% during the repayment period and be eligible for a refund of 50% of interest paid from the U.S.O.E. when repayment is completed

Alternative (c) seems to be preferred as it would tend to encourage students to accelerate repayment.

We respectfully request your consideration of the above.

Sincerely,

CLARENCE I. CHIRPE,
Manager, College Loan Department.

BANK OF BELLEVILLE,
Belleville, Ill., February 12, 1968.

Hon. WAYNE MORSE,
Chairman, Old Senate Office Building,
Washington, D.C.

DEAR SENATOR MORSE: I am taking the liberty of attaching my letter sent this date to Mr. Lee Noel of the Illinois Guaranteed Loan Program.

There seems to be a primary lack of something in this needed program of education; namely, negotiation.

I hope my comments to Mr. Noel are at least in part constructive. This man has the thankless task of seeking donations (in the form of student loans) from the participating lending institutions throughout Illinois. He has been

placed in the position of requesting lenders to participate in a loan to students which as of this point are a loss to the lender.

If you are aware of this you could not possibly conceive any success of the Student Loan Program in Illinois.

As I have stated in my letter to Mr. Noel, we the lending institutions are not in the profit losing business of giving away funds in the amount which is necessary to make the Illinois Guaranteed Loan Program a success. We the lenders are in the business of making a reasonable profit for our stockholders as strange as this word profit may sound, and until this is recognized, the lending institutions cannot participate successfully.

Very truly yours,

GEORGE GOCHEFF, Jr.,
Assistant Vice President and Loan Officer.

BANK OF BELLEVILLE,
Belleville, Ill., February 9, 1968.

Mr. LEE NOEL,
Illinois Guaranteed Loan Program,
Deerfield, Ill.

DEAR LEE: In acknowledge of your letter to all lending institutions participating in the Illinois Guaranteed Loan Program, I would like to commend you in your co-operative attempt to let the lending institutions speak now or forever hold their peace, so I would like to elaborate.

For some time, a lending institution has been on the spot so to speak, because for some reason *everyone* seems to think we are a non-profit organization. Yes, that is right—non-profit to the extent of absorbing a loss to be of economic aid to a community and your students. Just to elaborate, the figures were presented to Mr. Joseph Barr, Treasury Under Secretary, on the basis of the $750.00 per year loan paid to the student over three years, repaid in five years after graduation involved a $127.00 loss—but even with the facts and figures a certain Representative Patman does not accept this.

To this "built in loss" I will elaborate by giving you the benefit of estimating how much it cost the lending institution to process the loss claims on the 3% that "go bad." The 3% figure was quoted as the average loss by your Carrol Witerdahl at the Chicago Illinois Bankers Association meeting—Brainstorm Session on February 6th of this year.

But even though, the facts as they are, there is another problem which presents itself in the form of the student aid counselor at many colleges and universities. Yes, believe it or not, the student is informed so extremely well in almost every case OF HIS RIGHTS MORE SO THAN HIS OBLIGATIONS. So well informed that I am certain too many requests for loans are for the maximum amount permitted rather than what is actually needed.

At this point, I probably seem anti-educational, but the items pointed out here are so true, I will admit it only because of the few good students of whom I am truly interested. This I am certain you are aware of if from no other source than that of our participation in the Illinois Guaranteed Loan Program.

I have a malignant thought that has been growing since a seminar held at Parks Air College in Cahokia, Illinois, this past winter, which I cannot digest as a participating lender. I spied on the second half of this seminar when I discovered the primary concern of the college and high school was how low can a students grade average be and still permit him to qualify for a scholarship. This just didn't sound kosher, as the morning seminar for the lender was an appeal to the lender to give the financially troubled *good student* the deserving opportunity for higher education.

There are many points that should be brought out, however, I probably appear to be a heckler by now, so in my final few words I will say on my own behalf and in behalf of too many lenders—we want:

1) The return on a student loan will have to be of a higher rate of interest due to the *risk* and administration involved.

2) In addition to above, there will have to be an acquisition fee and a renewal fee.

3) The student will have to pay his own interest direct to the lender, during his course of study and in the repayment period with the interest benefits payable to the student upon payment in full of his obligation *if at all* or we will be subsidized into insolvency.

I was sorry to hear you were unable to appear in Chicago this week, as many things I have noted I wanted to discuss with you in person, however I do wish you all the available luck in getting your Illinois Guaranteed Loan Program in full swing.

Very truly yours,

GEORGE GOCHEFF, Jr.,
Assistant Vice President and Loan Officer.

BANK OF BENTON,
Benton, Ill., February 5, 1968.

Senator WAYNE MORSE,
Chairman, Subcommittee of Education,
Senate Office Building, Washington, D.C.

DEAR SENATOR MORSE: I am very interested in the hearings that will be taking place under your direction on the Guaranteed Student Loan Program.

I would like to voice our opinion that the percent interest ceiling is completely too low for the reason that this loan has possibilities of extending over many years. We wholeheartedly support the Under-Secretary of the Treasurer's recommendation that a service fee of $35.00 per borrow be authorized. Even at $35.00 this will only cover a small portion of the costs but would certainly be of great help.

I certainly feel that the splitting of the interest payment by the student after graduation should be discontinued and the full amount of interest charged be assessed to the student. If the government is willing to subsidy the student by paying the interest while he is in school he should then be educated enough that he could pursue his chosen field and earn a sufficient amount of dollars to pay the interest as well as the principal on the student loan. If the student pays his own interest, after graduation, he would be more likely to consider acceleration of the payment.

We certainly ask that your committee look favorable upon the above suggested recommendations.

Sincerely yours,

H. L. PAYNE, *President.*

BREMEN STATE BANK,
Tinely Park, Ill., February 16, 1968.

Hon. WAYNE MORSE,
Chairman, Subcommittee on Education,
Old Senate Office Building, Washington, D.C.

SIR: We wish to urge the passage of an amendment that will establish a processing fee for state guaranteed loans. We suggest this fee be established at a maximum of $35, to defray the processing cost, and thus make the student lending program more attractive to lenders.

We also suggest that the split interest billing during the repayment period be eliminated, and instead have the student pay the entire 6%. This arrangement would tend to encourage students to accelerate their repayment. As it is now, most students choose to repay the minimum amount and are thus unnecessarily subsidized for several years after they graduate and tie up loan funds which could be made available for new students.

Very truly yours,

R. C. DAHMS, *President.*

CATERPILLAR EMPLOYEES CREDIT UNION,
East Peoria, Ill., February 23, 1968.

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

MY DEAR MR. MORSE: In the Fall of 1966 we began offering loans for college expenses under the Illinois Guaranteed Loan Program (IGLP) and the Federal Higher Education Act of 1965. We firmly believe the Program has merit and offers definite advantages to many of our 20,000 members. Presently, we have 349 student loans totaling $365,000. These figures are the highest in Illinois for credit unions. This outstanding loan amount will probably increase to more than $1.5 million in four years.

Because of the extent of our participation in this Program, we must critically analyze our position to determine whether our continued activity will prove

to be beneficial to our *total* membership and not just those members who are taking advantage of this service. The relationship between income and expense is vital in this review since it is evident that a large portion of our outstanding loan portfolio could be involved. Based on figures we have accumulated, we find it difficult to believe any financial institution can break even under the present IGLP arrangement.

With these thoughts in mind, we would like to offer two suggestions that would make this Program more attractive to financial institutions and also reduce federal expenditures.

An apparent logical way to handle this program would be to increase the interest rate, but we understand this is not possible due to the varying state usury laws. Therefore, we suggest that the United State Office of Education (USOE) pay lenders a processing fee of $35.00 for each new loan, plus $35.00 for completing pay out arrangements at the time the borrower discontinues his education. We estimate this would increase our annual gross return from the IGLP to less than 6.5% when considering some of the borrowers need military and Peace Corps deferments. Lenders, who are encouraged to restrict the amount of individual loans for the purpose of receiving the $35.00 processing fee, could be controlled by adjusting the fee downward when it is determined that their average loan is a predetermined amount below the national average. The federal expense of this fee arrangement would be more than offset by our next suggestion.

The split interest billing, which is applicable when a borrower's "adjusted family income" is below $15,000, is cumbersome. Under the present arrangement, the borrower and the USOE each pay 3% interest after the borrower discontinues his education. This necessitates both quarterly and monthly interest computations and other seemingly unnecessary detail which would be eliminated if the borrower pays the entire 6% after cessation of full-time study.

We believe this Program, if made more attractive to financial institutions, is a sound method of financing higher education since it puts the responsibility of repaying educational expenses where it belongs—on the shoulders of the former students.

Respectfully yours,

ROBERT A. ASBELL,
Executive Vice President-Treasurer.

CHAMPAIGN COUNTY BANK & TRUST CO.,
Urbana, Ill., February 7,1968.

Hon. WAYNE MORSE,
Chairman, Subcommittee on Education,
Old Senate Office Building, Washington, D.C.

DEAR SENATOR MORSE: It is my understanding that the House and Senate Education Committees will soon be holding hearings concerning the Guaranteed Loan Program for students and I would like to express my concern for this Program.

Banks in our general locality wholeheartedly endorse the Program. However, I am sure you are aware that a 6% simple interest return is not in keeping with today's rates and we would strongly urge an increase in the return on these loans so that it would not be a losing proposition for the lender. Secondly, it would seem that the accounting procedures could be simplified considerably so that the amount of work involved for this interest rate of return could somewhat be justified and I would make the two following suggestions to consider:

1. That there be an acquisition fee of at least $35.00 per year per borrower which would be paid by the borrower, not by the Federal Government. I am in full accord that he Government spending should be cut at every possible corner to prohibit our Nation from becoming bankrupt. I feel very strongly as many others do that you do not gain friends by giving away your wealth and thus eliminating the initiative for the individual to be self-supporting. I feel that a student or his family could easily afford the $35.00 acquisition fee since all interest and other repayment requirements are delayed until after he has obtained his education.

2. To facilitate the accounting procedures, I would suggest that the split interest billing and payment during repayment be eliminated and that the stu-

dent pay the entire 6% during the repayment period, and when the loan is satisfactorily repaid, the lending institution would furnish the loan office a copy of the canceled note together with the total amount of interest paid by the student and the Government could then make a refund to the student of one-half the total charges. I urge your attention to these above requests for I know from discussions with fellow bankers that the loan program is being restricted or eliminated from their lending policies because of the inadequate return and the amount of paper work involved in handling the program. Your favorable consideration will be greatly appreciated.

Sincerely yours,

ARLAN MCPHERSON, *President.*

THE CHARLESTON NATIONAL BANK,
Charleston, Ill., February 5, 1968.

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

DEAR SIR: Regarding proposed amendments to the guaranteed student loan program presently being studied by your committee, we encourage you to recommend the following:

1. Set a reasonable fee per borrower per year to be paid to the lending agency.
2. Have the student pay the full 6% interest during the repayment period.

A fee on each loan would, by increasing the lender's return, eliminate at least part of the loss of handling these loans.

By having the student pay the full 6% interest when he starts repayment, it would give him an incentive to accelerate repayment, and assume the full responsibility of his obligation.

I hope that your committee will give our recommendations serious consideration.

Very truly yours,

MARY E. STRODTBECK, *Assistant Cashier.*

CITIZENS FIRST NATIONAL BANK,
Princeton, Ill., February 2, 1968.

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

MY DEAR SENATOR MORSE: We understand that your committee on education will soon be holding hearings in regard to the federal guaranteed loan program.

We feel that this exceptionally fine program—which we have actively supported since its inception in Illinois—will soon have many lenders, such as ourselves, in a position where we can no longer participate simply because we would be operating it at or near a loss.

The Under-Secretary of the Treasury's proposal of a conversion fee, with a maximum of $35.00 per year per borrower should at least place the repayment portion of the program on a "break even" basis and encourage the lenders involved to remain with the program.

In addition to the conversion fee we feel that a review of the split interest billing during the repayment period could result in a reduction in processing expense. This could be accomplished by a number of alternatives:

1. Have student pay entire 6%;
2. Have U.S.O.E. pay entire 6%; or,
3. Have student pay entire 6% during the repayment period and be eligible for a refund of 50% of interest paid from the U.S.O.E. when repayment is completed.

Your favorable consideration of these proposals would insure that we would be able to continue to meet the growing demand for this type of loan.

Sincerely yours,

D. E. VAN ORDSTRAND,
Student Loan Manager.

THE CITIZENS NATIONAL BANK,
Toluca, Ill., February 5, 1968.

Hon. WAYNE MORSE,
Chairman, Old Senate Office Building,
Washington, D.C.

DEAR MR. MORSE: I am writing concerning the Illinois Guaranteed Loan Program which is a part of the Federal program to aid education.

In the past several months I have been working with the Program from the Bank Lending Organization side. We have found increasingly that the time required to process and complete payout arrangements, makes the cost of the program exceed the amount that can be realized through the interest charge. We would, therefore, be in favor of an amendment that would allow the Lending Institutions to charge a processing fee. We feel that a maximum of $35.00 per year per borrower would not be out of the way when we take into consideration the time and red tape necessary to complete arrangements for a student loan.

In addition, we strongly urge that an amendment be made concerning the payout interest. The program as it now stands requires figuring interest twice and a double billing—one to the student and one to the Federal Government. We feel that one of two alternatives would make the payout process much simpler in its operation. One method would be to have the student pay the entire 6% interest during the repayment period and then be eligible for a refund of one-half the interest paid from the U.S. Office of Education. Another method would be to have the student pay the entire 6%. This second method would have the advantage of encouraging the borrower to accelerate the payments as much as possible. Any other method where the Government continues to pay the interest after the completion of the borrower's studies tends to encourage the borrower to delay payment and, therefore, remain in debt longer.

I do hope you will give this your serious consideration.

Sincerely,

DONALD L. WHITLER,
Assistant Cashier.

THE CITY NATIONAL BANK,
Centralia, Ill., February 16, 1968.

Mr. WAYNE MORSE,
Chairman, Old Senate Office Building,
Washington, D.C.

DEAR MR. MORSE: As an active participant in the student loan program, our institution would like your support in the amendment to the Higher Education Act of 1965, which will allow the lending institution to charge a fee of up to $35.00 per student loan application. This charge would help offset the extremely low interest rate on these loans.

We feel very strongly that this is a worth-while program; however, as you know, the interest rate is not attractive. We are presently carrying a total loan volume in excess of $100,000.00 in student loans. This total was acquired from 105 loans.

Each semester it seems as if we have an increase in the request for student loans. Many of these requests are from students outside of our own area. They are coming to us because many of the other banks are not participating in this program, or have discontinued the program because of the low interest rate. If the return on the student loans is not increased to a point where the bank can, at least, break even, it may be necessary that we also discontinue this program.

I would, also, like to urge you to support the amendment that would eliminate the split interest billing during the repayment period. I believe it would be better for the students to pay the entire 6% interest during the repayment period, or as an alternate allow them to pay the 6% during the repayment period and be refunded 50% from the government at the end of the repayment period.

I am sure your aid in helping to pass these amendments would be greatly appreciated by all of the participating bankers in the nation.

Yours very truly,

ELLIS E. MCMILLAN,
Assistant Vice President.

DEKALB TRUST & SAVINGS BANK,
DeKalb, Ill., February 2, 1968.

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

DEAR SENATOR MORSE: Our bank is located in DeKalb, Illinois, the home of Northern Illinois University, which at the present time has an enrollment of approximately 18,000 students.

We have made several loans under the Illinois Guaranteed Loan Program, even though we know that due to the expense involved in processing this type of loan and the low rate of interest charged at this time makes this an unprofitable loan.

We feel that a fee should be charged on this type of loan to at least cover the processing expense involved in the origination and handling of the loan.

The overall program, we feel, is a necessary one and we are sure it has been very helpful to many students in furthering their education, but in our opinion there are two items that should be reviewed as follows:

1. The university or lending institution should be allowed to review and recommend the amount needed by the student for each loan.
2. The interest should be paid entirely by the student during the repayment period.

We feel that due to the low interest rate many students borrow in excess of the amounts they actually need for their education, and in some instances use this money for other purposes. We are sure the student would be more concerned about the amount he was borrowing if he was obligated to pay all of the interest during the repayment period instead of the present 3%.

Your consideration in this matter would be appreciated.

Very truly yours,

E. M. MASON,
Assistant Vice President.

DOWNERS GROVE NATIONAL BANK,
Downers Grove, Ill., February 5, 1968.

Re Illinois Student Loan Fund.

SUBCOMMITTEE ON EDUCATION,
House of Representatives and Senate.

(Attention Honorable Wayne Morse, Chairman):

Despite all the optimism expressed by the Administration concerning the future of the Student Loan Program, the banking profession does not share this belief. I am one banker, but conversations, seminars, and publications of and with our fellow officers, prove the statement to be true.

Speaking positively, we agree philosophically, and prove our faith by being one of the largest holders of student loans for bank size. We have a quarter of a million dollars invested in a non-profitable operation out of a loan portfolio of ten million dollars. In theory, a loan of necessity is completely acceptable and should be supported. In all fairness to our legislators, this may have been the primary consideration.

In actuality, the program was designed with so much flexibility on students acceptance, it gradually became a *convenience* type loan. Yet, the supplier of funds, our banking system, was restricted to operating on a non-profit basis with the usual government deficit-oriented philosophy. (i.e. free interest for students in an affluent society.)

Taking first—free interest as a subject, it is conceivable that students having cars, hi-fi's, etc., are considered so destitute that they cannot afford the slight cost necessary to complete an education designed to eventually bring them to a higher income bracket. Not only is this ridiculous, but it fosters a tendency to make the program a lucrative venture for those parents able to support a college education. These parents apply for a loan and reinvest the funds. Considering the fact they share in the cost, via taxation, who can blame them for this approach? The evil lies in the "looseness" of the program.

Taking the program generally from a political or Legislative standpoint, bankers agree that a critical situation is evident, namely:

In the area of saturation of funds (the banks).

Too broad an acceptance of borrowers (convenience vs. necessity).

Lack of understanding of operational costs vs. income (Government Publications of Testimony—Patman and others).

Mistrust of the banking industries exhibits and statements.

The over-whelming philosophy that we must provide the ultimate to the taxpayer—no matter what it costs him!

Realizing that the reader will have other letters to peruse, I will attempt to surmise in brief.

The accelerated need for funds will saturate our resources quite rapidly. Throwing the load back to the Government will only create more deficit—and inflation.

Bankers agree to help—but it must be reasonable and the A.B.A. stands ready to make it workable.

The problem lies in proper economic education for the Legislature, more trust in the banking system findings, and lastly—less willingness by the Legislator to creating a socialistic society.

Many of us missed higher education, a lot worked for it. Give it away and you lose something!

Very truly yours,

WILLIAM WESTRUP,
President.

EAST MOLINE WORKS CREDIT UNION,
East Moline, Ill., February 7, 1968.

Hon. WAYNE MORSE,
U.S. Senate,
Old Senate Office Building,
Washington, D.C.

MY DEAR SIR: In the Credit Union Act a Credit Union is defined as a cooperative society incorporated for the two-fold purpose of promoting thrift among its members and creating a source of credit for them at legitimate rates of interest for provident or productive purposes.

We as a Credit Union feel that to participate in the Illinois Guaranteed Loan Program for our members is a service well worth while.

The paper work is burdensome as it now stands but realize Mr. Noel and his staff are working on ways to simplify this.

As a way to compensate us, as a lender, for the time involved, I would be in favor of a processing fee per loan. Also to simplify the accounting to have the student pay the entire 6% during the repayment period and be eligible for a refund of 50% of interest paid from U.S.O.E. when repayment is completed.

I speak as a mother of a student who has one of the loans as well as Treasurer-General Manager of a lending institution which has forty students participating in the Illinois Guaranteed Loan Program.

Believe me,
Yours very truly,

(MRS.) BLANCHE E. FIEDLER,
Treasurer-General Manager.

EDWARDSVILLE NATIONAL BANK & TRUST CO.,
Edwardville, Ill., February 6, 1968.

Hon. WAYNE MORSE,
Chairman, Old Senate Office Building,
Washington, D.C.

HON. MR. MORSE: We feel that the Higher Education Act of 1965 and the National Vocational Student Loan Act of 1965 have definitely filled a void in our society. Properly administered, these acts make it possible for any student, with the desire, to further his education.

Our bank is located in a University town, and since the inception of the program we have made nearly $100,000.00 in student loans. Because of the great deal of time and accounting involved in the handling of these loans, the 6% interest rate allowed and the small size of the loans have placed this function on a non-profit basis as far as we are concerned. Due to the fact that the loans are not profitable to us, we have found it necessary to limit them to our present customers.

We feel that the act would greatly be improved, if it provided for an application fee of at least $25.00 per loan to be paid either by the student or the Office of Education. We also feel that the act could be improved to eliminate some ac-

counting problems by having the student pay the entire 6% interest during the payment period and be eligible for a refund of 50% of the interest paid from the U.S.O.E. when repayment is completed.

Very sincerely yours,

RAYMOND E. ZOELZER,
Vice President and Cashier.

ELGIN NATIONAL BANK,
Elgin, Ill., February 3, 1968.

Hon. WAYNE MORSE,
Chairman, Old Senate Office Building,
Washington, D.C.

DEAR SIR: We would like you to know that this bank is in favor of a maximum placement fee in the amount of $35.00 for student loans. Concering federal interest payments, we are in favor of having the student pay entire 6% during the repayment period and be eligible for a refund of 50% of interest paid from the U.S.O.E. when repayment is completed.

Your consideration of our views is appreciated.

Very truly yours,

LEROY L. BULL,
Vice President and Cashier.

EXCHANGE NATIONAL BANK OF CHICAGO,
February 23, 1968.

Hon. WAYNE MORSE,
Chairman, U.S. Senate,
Washington, D.C.

MY DEAR SENATOR MORSE: In conjunction with the hearings to be held in the United States House and Senate Education Committees, we at the Exchange National Bank of Chicago urge the passage of amendments to the Government guaranteed student loan program, to accomplish the following two objectives:

1. increase the return so that student loans are not a losing operation to the lender; and,
2. reduce accounting problems.

These amendments should establish a placement and conversion fee, and eliminate the split interest billing during the repayment period. The fee, to a maximum of $35.00, per year per borrower, has been proposed by Undersecretary of Treasury, Joseph Barr, after an intensive study by his committee. The amount of the fee can be adjusted easily to the money market, and it would be available at the time the lender incurs significant processing expenses.

The student should pay the entire 6% during the repayment period and be eligible for a refund of 50% of interest paid from the United States Office of Education when repayment is completed.

We strongly urge your concurrence in the passage of these amendments.

Respectfully yours,

JAMES G. IDSTEIN,
Second Vice President.

FARMERS STATE BANK,
Chadwick, Ill., February 6, 1968.

Hon. WAYNE MORSE,
Chairman, Senate Education Committee,
Washington, D.C.

DEAR SIR: We are one of the many banks participating in the Student Loan program which we feel is a vital program for the youth of our nation who might not be able to obtain a higher education otherwise. We have been willing to participate to help our young people even though it is not a profitable proposition and involves a great deal of time.

Information has come to us that there might be hearings in the next two weeks in the U.S. House and Senate Education Committees concerning the prospect of an application or a processing fee in these loans. There is no doubt that we need to have some amendments to the Guaranteed Loan Program in order to increase the return so that student loans are not a losing operation to the lender and to reduce accounting problems.

There is a tremendous amount of paper work involved in getting these loans processed satisfactorily. The split interest billing of 3% to borrower and 3% to U.S.O.E. also takes extra time and bookwork. Perhaps more loaning institutions would participate if there was a little more profit for them and less paper work as they can make loans at a much higher interest rate with less work.

We would like to ask you to use your influence to bring about passage of amendments to this program for a placement fee to the loaning institution to make the loans worth their time and also to eliminate the split interest billing. A suggestion would be to have the student pay the entire 6% during the repayment period and be eligible for a refund of 50% of interest paid from the U.S.O.E. when repayment is completed. This might encourage the students to accelerate their repayment of the loan.

Your efforts in this mattter will be very much appreciated.

Yours truly,

JUNE FARTHING, *Cashier.*

FIDELITY FEDERAL SAVINGS & LOAN ASSOCIATION,
Galesburg, Ill., February 5, 1968.

Hon. WAYNE MORSE,
Chairman, Senate Subcommittee on Education,
Washington, D.C.

DEAR SIR: The Illinois Guaranteed Loan Program is completing its second year of operations. From the viewpoint of the management of this Association, it is a necessary and critical program since the cost of higher education is getting too costly for even the middle-income group (earning in the low 5-figures).

Favorable consideration from you and your sub-committee to the following suggestions and thoughts will be very much appreciated:

1. A one-time service charge to the student applicant with the application for a loan, which, normally, will be submitted annually to the lender.
   (a) The fee could be for a designated amount; or
   (b) The fee could be for a designated percentage of the loan; and
   (c) If period less than one academic year, a prorata charge of said fee.
   (d) If application is rejected because of U.S. or Illinois regulations, a refund of one-half of the fee would be required; or
   (e) If application is rejected because of administrative decision of the management of the lending institution, the entire fee would be refunded.
2. Elimination of split interest billing by the lender to the borrower and the U.S. Office of Education on converted loans after borrower ceases being a full-time student.
   (a) The borrower could pay the entire 6% interest charge; or
   (b) The U.S. Office of Education could pay the entire 6% interest charge.
   (c) The borrower could pay the entire 6% interest charge during the repayment period, and, when repayment is completed, submit a request for a 50% refund of the interest paid, to the U.S. Office of Education.
   (The foregoing are suggested alternatives of others. I would like to suggest a fourth alternative):
   (d) Since this final note is to be repaid in monthly installments, and with a stipulated time period according to regulations, it is entirely feasible to treat this obligation in the same manner as an amortized (or direct reduction) mortgage loan. This is the present program with virtually all lenders making home mortgage loans. Since interest is recomputed each month on the basis of 1/12 of the annual interest rate (6%) times the unpaid balance of the preceding month, the simple interest requirement will be adhered to, and eliminate some accounting problems.
   In order to give the borrower the advantage of the interest subsidy from the U.S. Office of Education, the lender would then bill said office for one-half of the interest previously charged to the borrower on his loan account. The billings could be maintained on the present quarterly, semiannual or annual basis. Upon receipt of the funds from the U.S. Office of Education, the leader would then credit each borrower's loan account, individually, with the proper amount. This, then, would be treating the interest subsidy, as received, as a prepayment on the principal balance of the loan.

It is obvious that the aforementioned method entails an individual accounting, but the accounting involved would be quite simple and accurate. Using the present daily or quarterly balance average in computing interest, which is paid in its entirety by the U.S. Office of Education, should be maintained in its present form.

It is the opinion of the management of this Association that there are various areas of public service that should be rendered to the community without the expectation of a full and equitable return on its investment of time and money. However, because of expected and required stewardship of the publics' funds, and certain ramifications of Federal Home Loan Bank Board Regulations and Internal Revenue Service Regulations, this Association does expect a service, such as this Student Loan Program, to be self-supporting, at least.

I have no adequate means of determining the cost of this program to the Association. However, under the present money-market, our average mortgage loan is made with interest at an annual rate of 6½%. We are presently paying 4¾% on passbook savings and 5% on a six-month certificate. In 1967, our average interest rate (or effective rate of earnings) on all loans outstanding was 5.9%, or about the same rate as the 6% rate on Student Loans. This indicates a break-even point on Student Loans, without any regard to the personal services rendered. Therefore, I believe it is fair to assume that there is (as yet) an undetermined loss involved.

In processing Student Loan Applications, we feel that it is essential to have a personal interview with the student borrower. It is expected to establish a responsible relationship between the borrower and lender, in much the same manner as with any application for credit. Our main consideration in determining the borrower's qualifications is the acceptance of the applicant by the school and the Illinois Guaranteed Loan Program. However, we try to insure the completeness and accuracy of the information given in the application, and, hopefully, encourage an adult approach in regard to higher education, future job potential, responsibility—and the use and abuse of credit. We try not to 'preach'.

Sincerely and respectfully,

HUGH N. STEGALL,
Vice President-Secretary.

FIRST BANK OF MEADOWVIEW,
Kankakee, Ill., February 8, 1968.

Senator WAYNE MORSE,
Chairman,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR MORSE: The Financial Institutions in the state of Illinois are facing a grave decision which depends entirely upon the outcome of your educational committee activities.

Will you help the Illinois students who need financial assistance? I feel confident that when the entire operations of the Illinois Guaranteed Loan Program has been explained you will then, as in the past, give our recommended changes your enthusiastic support. At the present time the Illinois Guaranteed Loan Program is a losing proposition for all institutions who aid the student financially in furthering his education.

Our organization has participated in the program since its inception. However, we presently are looking harder at the program because of the loss sustained by putting these loans on our books.

The average for banks in the state of Illinois has been three Illinois Guaranteed Loan Program Loans per $1,000,000 in assets. Our bank's ratio has been six Illinois Guaranteed Loan Program Loans for $1,000,000, or twice the state average. With this in mind, you can see why we are interested in the hearings your committee will be having regarding this program.

We want this program to continue but unless there can be legislation passed which will allow us and the other lenders to at least come close to breaking even, the entire program will be seriously hampered. After an intensive study by Under Secretary of Treasury, Joseph Barr, and his committee, they have proposed a maximum of $35 per year per borrower to defray the lenders cost involved in setting up this type of loan.

This proposal we support. We also support the interest payment of six per cent to be the sole obligation of the borrower, and to eliminate the current procedure of the split interest billing.

Thanking you in advance for your support, I remain

Sincerely,

GEORGE H. BERG,
Assistant Cashier.

FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF CHICAGO,
August 4, 1967.

Hon. WAYNE MORSE,
Chairman, Subcommittee on Education,
Member of the U.S. Senate,
Senate Office Building,
Washington, D.C.

DEAR SENATOR MORSE: First Federal Savings of Chicago has taken an aggressive role in making loans to college students. We realize that the President, Members of Congress, and other individuals in the Administration are somewhat disappointed over the progress made in making educational loans to the deserving youth of our country. I am sure you are aware that the 6% interest ceiling is short of what is needed to make the student loan program the success it should be.

We are in agreement with the recommendation made by the Barr Task Force to authorize a fee up to $35.00 per year per loan to cover the administrative cost incurred by the lender.

It is our recommendation that a $35.00 fee be included in the amendments to the Higher Education Amendments of 1967 (S. 1126). We earnestly request your support in this matter.

Yours truly,

VINCENT P. CAVANAUGH,
Senior Vice President.

FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF CHICAGO,
February 27, 1968.

Re Federal Government hearings on Education.

Hon. WAYNE MORSE,
Chairman, Subcommittee on Education,
Old Senate Office Building,
Washington, D.C.

MY DEAR SENATOR MORSE: During the past year and presently, we are one of the major lenders in the College Loan Program. There have been times during the past year when our information indicates that we were the only college lender in the Chicago area who would accept applications. The present program appears not too appealing to the lenders in our area because of the low rate of return, in addition to the high cost of origination and servicing of college loans. Consequently, some incentive will have to be made to induce lenders to openly seek college loans in order for this program to be a success.

On October 11, 1967, E. Stanley Enlund, President of our Association, communicated with Mr. Douglass Cater, Special Assistant to the President. In his letter he outlined a few incentives that might be helpful in generating an interest by lenders in this program.

The following is an excerpt from Mr. E. Stanley Enlund's letter to Mr. Cater which reflects our feeling of this program. He quotes.

"In order to keep cost to the student as low as possible, an inducement to the lender seems to be in order. However, we do not think that a per-loan payment is a good method because it would not really reduce the temptation to enter and leave the market. However, an interest supplement of ¼% on all such loans paid to the lender when he reached a predetermined volume level could act to assure continued participation in the program.

"The volume formula should probably relate to the lender's total loan capacities and would be expressed as a ratio of loans and investments. It would be up to the lender to show that he had reached the level.

"This should probably be combined with a modest loan origination fee of $25.00 per loan at disbursement in order to partially cover the initial costs and to make the program more desirable to lenders who may not reach the necessary volume level."

We certainly urge you and members of the committee to take the foregoing into serious consideration since there have been times during the past where we considered partially withdrawing from this program. While we have no objection to carrying our own obligations, we do balk at shouldering the burdens of other lenders.

Yours very truly,

MICHAEL S. BOZICH,
Vice President.

FIRST FEDERAL SAVINGS & LOAN ASSOCIATION,
Streator, Ill., February 13, 1968.

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

DEAR SENATOR MORSE: We are writing you about the present system of educational loans for students in universities and certain vocational schools.

Our Association has been actively engaged in making these loans under the direction of the Illinois Guaranteed Loan Program since its inception in August 1966. At the present time we have in force 122 loans for an outstanding dollar amount of $127,913.88.

Our purpose in writing you at this time has to do with the possibility of a service fee being adopted to reimburse us for the cost of placing these loans on our books. We earnestly support this matter and are asking that you review our reasons for doing so.

We have been in the student loan program long enough to establish a work pattern and we find that we are now involved in a minimum of 10 separate operations before a loan is definitely on its own. This is in brief what is happening:

1. The student usually appears at our office for information and forms regarding the loan. This usually takes about 30 minutes.
2. Sometimes the student will work on the completion of the forms at home and then bring back to us for review before submitting them to his school.
3. The school completes the forms, returns them to the student and he again calls at our office for further discussion of the forms and loan.
4. We process the forms and send them to the office of the Illinois Guaranteed Loan Program.
5. The letter of commitment is returned to us either in the affirmative or negative. If the former, we type the Interim Note. The student is usually at school which requires us to mail the note to him for signature and dating.
6. When the student returns the note we disburse the funds to the school. This requires a covering letter to the school and to the student explaining the current situation.
7. At this point there is additional interoffice making of files, posting accounts and other allied data necessary in the accounting of the loan.
8. There are always present certain errors, mistakes and omissions on the part of the students in the forms which require additional servicing by phone or written communication. This involves additional cost on our part in the way of postage, toll calls and employee time.
9. It is necessary to maintain a suspense file on each loan to determine when the student is to contact us under the regulations.
10. There is again written and oral communication with the student regarding the repayment of the loan. Also, the preparation of a repayment book and since the students do not live in our community after graduation, all contact must be made by letter or toll phone.

As you know our business on the lending side has always been and still is concerned with direct reduction home loans. We would in many cases have less physical processing of a home loan, yet the monetary return would be much greater to us since the size of the loan would be much greater. On the average about 15 to 20 times greater. It has always been an accepted policy in our business to charge the borrower a nominal fee for the processing of the loan documents and other physical operations necessary to make the loan.

In view of the foregoing information we believe you will have a better idea of what is involved on our part in attempting to participate in the Illinois Guaranteed Loan Program and offer this fine service to as many qualified students in our community as possible. Also, we believe the $35.00 fee proposed by Undersecretary of the Treasury, Joseph Barr is not out of line and is just compensation for the service rendered.

We earnestly solicit your support in the adoption of a service fee based upon your appraisal of the facts as we have presented them. Thank you for your consideration of this matter.

Very truly yours,

ROBERT J. HARDY,
Executive Vice President.

FIRST NATIONAL BANK,
Tuscumbia, Ala., June 27, 1967.

Hon. LISTER HILL,
Senate Office Building, Washington, D.C.

DEAR SENATOR HILL: It appears to me that the Government's interest in educating the youth of our Country is one of the more laudable undertakings of our times. I am personally convinced that money invested in the brains of our youth is one of the soundest investments a bank could make and I am discouraged to learn that the idea is not getting the reception from the banks that was expected.

Some time ago I saw an article on this subject by Sylvia Porter, and I am enclosing an editorial from the Birmingham Post Herald as of Tuesday, June 20, 1967.

Since we are a small bank, we naturally are unable to take care of the demand for this type of loan which is coming to us. Some of the banks in this area entered the program but have pulled out—others did not start.

I am sure you understand that when a bank makes its commitment to a freshman student, it has virtually committed itself to lend for the remainder of the college career; then to wait ten months before the student begins to repay; then to give the graduate up to ten years to retire the debt. This all adds up to a probable loan of from $4,000.00 to $16,000.00 on the bank's books for fourteen years and ten months at 6%.

Let me, Sir, respectfully invite your thinking along the line of *providing a secondary market for this type loan* and, also, for *making the interest collected tax free.* I believe these two features would help loosen the log-jam.

Sincerely yours,

MARSHALL DUGGER, *President.*

[From the Birmingham Post-Herald, June 20, 1967]

COLLEGE LOANS LAGGING

Guaranteed loan program for college students still lags. From July 1, 1966, through April 30, loans totaling $221 million were made to 292,000 students, but Government had hoped banks would lend $400 million to 450,000 students. More than half the banks still refuse to take part in the program.

Students from families with less than $15,000 net income may borrow, with Government paying six per cent interest on loans until they graduate and half that during time graduates repay principal with three per cent interest.

Administration is asking Congress to authorize special fees to banks for handling loans; hopes to get more into the program that way.

FIRST NATIONAL BANK OF BEARDSTOWN,
Beardstown, Ill., February 6, 1968.

Hon. WAYNE MORSE,
U.S. Senator, Washington, D.C.

DEAR SENATOR MORSE: We are advised that hearings in the U.S. House and Senate Education committees will take place in the next few weeks, and that the committee will consider an increase in the return to lenders who participate in the Student Loans, so that there will not be an out of the pocket loss to the lender in making and handling these loans.

This bank has participated in the Student Loan Program from the very beginning thereof, and while we serve a relatively small community, we have processed over thirty student loans in the tri-county area that we serve.

First of all, we feel that the Student Loan Program is a vary valuable and necessary program, and it is our aim to cooperate with the Federal Government and the Illinois Guaranteed Loan Program in order to help deserving young people get a college education. We did not enter into the program with the

thought that it was going to be a profitable operation for the bank, but felt it was our duty to participate in the program in order to serve the young people in our community, for we know that the whole program depends upon cooperation from local lending institutions.

Be that as it may, we now know that because of the time consumed by members of the bank staff in processing and handling these loans, and because of our sharply increased cost of money during the past two years, that we are actually losing money on this Student Loan Program.

At the time we entered into the program, we were paying 3% on Passbook Savings and the same rate on Certificates of Deposit. Today, we are paying 4% on Passbook Savings, 4½% on Certificates of Deposit in a minimum amount of $500 for a minimum time of six months and 5% on Certificates of Deposit in a minimum amount of $5,000 for a minimum period of one year. During the same period, we have increased our rate on loans to prime customers from 5½% to 6½% and here, of course, we speak of prime loans requiring a minimum amount of time and record keeping.

At this early date in the program, we have only one loan that has reached the pay-out stage, and therefore, we do not know accurately what our costs are going to be in arranging pay-outs, but we do know that it will be high, for, as you know, these pay-out schedules can extend for as long as six years after graduation. There is bound to be a substantial amount of correspondence, some telephone expense and a lot of time-consuming record keeping in consummating final payment of these obligations. These young people who participate in the loan program will be scattered all over the country, depending upon where they find employment, and there are bound to be some problem cases that will take a lot of time and thought.

Actually, the rate of 6% presently allowed to lenders, does not take care of costs up to the pay-out stage, let alone the continuing costs that will exist for years after the original loan was made.

It is our understanding that an intensive study has been made by a committee under Secretary of the Treasury, Joseph Barr, and that a maximum fee of $35 per borrower has been proposed by this committee. We understand further that such a fee, or any fee setup, could be changed as interest rates fluctuate up and down.

The purpose of this letter, of course, is to respectfully request your most careful consideration of the present plight of lending institutions participating in the Student Loan Program with the hope that at least a break-even basis can be worked out for lenders. It is probably not possible for any of us in the banking fraternity to tell you at this time just what a break-even figure would be, but from what we know now, we can in all frankness tell you that a fee of $35 per borrower, under present conditions would not necessarily take care of all costs involved, but it would certainly go a long way toward fairly compensating lenders for their efforts in cooperating in this most worthwhile program.

We understand that several alternatives for eliminating the split interest billing are being considered, and in our opinion, it would be fair to everyone involved, to have the student pay the entire amount of interest during the pay-out period, after graduation or termination from college.

Thank you in advance for your careful consideration of our request.

Sincerely yours,

JOHN J. WHITE, *President.*

FIRST NATIONAL BANK,
Belleville, Ill., March 1, 1968.

HON. WAYNE MORSE,
Chairman, Senate Subcommittee on Education,
Washington, D.C.

HON. WAYNE MORSE: Our bank is very interested in the education of today's youth. We have, for the past two years, participated with the Illinois Guaranteed Loan Program in the distribution of funds to qualified students for educational purposes. During this short two year period we have watched the demand for such loans increase at a fantastic rate. At the present time we have a six figure outstanding balance on these loans. I am sure you are aware of the government's participation in this program. With the present money market being as it is, this 6% rate will not warrant our future participation. It is for this reason that we ask your help in supporting legislation that will bring the return received by banks participating under this program in a competitive situation

within our money market. We would recommend a rate of interest based on the prime rate (½% over prime), and a service charge as per recent consideration of $35.00 per applicant per letter.

As Chairman of the Senate Sub-Committee on Education, we would greatly appreciate if you would convey the above information to the Senate Sub-Committee.

Thank you.

Sincerely,

WM. S. BADGLEY, *President.*

FIRST NATIONAL BANK OF DES PLAINES,
Des Plaines, Ill., February 10, 1968.

Hon. WAYNE MORSE,
Chairman, Subcommittee on Education,
Old Senate Office Building,
Washington, D.C.

DEAR SIR: We are writing you in order to urge passage of amendments to the Higher Education Act of 1965 that would establish a placement and conversion fee and eliminate the split interest billing during the repayment period. Of the alternatives for eliminating the split interest billings, we recommend that the student pay the entire 6%.

At this time we have over $225,000 in student loans on our books to some 200 individuals, and if our projections are correct, we will have $500,000 in insured student loans on our books by fall, 1968. We have been active in the student loan business since 1963 at which time we signed a contract with the United Student Aid Funds, Inc. We have been part of The Illinois Guaranteed Loan Program since shortly after its inception. We consider this an important service to the community and are very much in favor of this type of program. However, we feel that in the best interest of our stockholders and depositors this program should be operated at no less than a break even basis. With the rising costs of operations due both to increased employee salaries and the rising cost of money, 6% simple interest alone is not adequate to meet the cost of administering these loans.

We support the professional personnel in The Illinois Guaranteed Loan Program in their desire to improve the guaranty student loan program by:

1. Increasing the return so that student loans are not a losing operation to the lenders; and
2. Reducing accounting problems.

It is with concern for the profitable operation of our bank and a desire to serve the students of our community and their parents that we write asking for your favorable consideration of the proposed amendments to The Higher Education Act of 1965.

Yours very truly,

M. D. SAWYER, *President.*

FIRST NATIONAL BANK,
Freeport, Ill., February 5, 1968.

Hon. WAYNE MORSE,
Chairman, U.S. Senate,
Washington, D.C.

DEAR SENATOR MORSE: Our bank would like to go on record recommending to you as Chairman of a Sub-committee on Education the following details on the student loan program.

No. 1: We favor a $35.00 fee, per year per borrower, on these loans to help pay the expense of clerical help for our credit files, and for a Secretary to type them.

No. 2: We would also favor a semi-annually interest payment by the Federal Government on these loans while a student is in school.

No. 3: We very highly recommend on pay-out notes the student pay the full six per cent simple interest with no refund from the Federal Government in any way. We would also like the loaning bank to have the privilege of making a late charge of five percent on payments any time they are five days or more delinquent. Our reason for this is, we think when a student starts working he realizes he must pay interest to progress and become a better employee and citizen. If he has "FREE" interest at this time, it does not help in his development.

We sincerely hope you will use this letter in helping to form an opinion with your committee.

Yours very truly,

P. W. HUTMACHER, *Vice President.*

FIRST NATIONAL BANK,
Gibson City, Ill., February 7, 1968.

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

DEAR SENATOR MORSE: I am sure I am not alone in my concern for the guaranteed loan program. A year ago at the National Installment Lending Conference, held in Chicago, we were asked to give our full support to the loan program. I think our records will speak for us: although it was not a profitable venture, the cooperation was indeed there. Now, we ask you for your cooperation and support.

1) Reduce account problems by eliminating split interest billing during repayment. I would suggest the student pay the entire amount of 6% to maturity. At that time, he would be eligible for a 50% refund of the interest paid.

2) Increase our return so that student loans are not a losing operation. No matter how worthy the cause, we still have to answer to our stock holders. A placement or conversion fee of $35.00 maximum was suggested by Undersecretary of Treasury Joseph Barr. This fee can be adjusted to the money market. This would certainly be a step in the right direction.

These are only suggestions; please give them your careful consideration. I feel the future of the program and many young people depend upon your decision.

Very truly yours,

IVAN E. DONNER, *Vice President.*

FIRST GRANITE CITY NATIONAL BANK,
Granite City, Ill., February 8, 1968.

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

DEAR SENATOR MORSE: This bank has participated in the Illinois Guaranteed Loan Program since the inception of the plan. During this period we have noted numerous instances where young people have been greatly assisted in receiving a higher education. In many cases, additional schooling would not have been possible without this help. We feel the program is a success in accomplishing its purpose. We are pleased with the promptness in which the Illinois Guaranteed Loan Program Office has been able to process applications. This is important to the lenders as any undue delay would be a reflection on them in the eyes of the student borrower.

These loans are, however, expensive to process, An interview with the student is necessary and counseling on not to over borrow. These interviews can be time consuming and, of course, take the loan officer away from other duties. In many instances correspondence is necessary after the student has returned to school.

We feel a fee, payable after the loan has been processed, would assist substantially in offsetting some of the processing cost and thus keep present lenders in the program as well as attracting others.

The split billing for interest on pay out notes is a time consuming procedure under the present policy. It would seem an alternate of this procedure may be to have the student pay the entire 6% interest during pay out period or have the student pay the 6% during pay out period and receive a refund of 50% of the interest paid, from U.S.O.E., when payment is completed. Either of these plans would be more functional than the present procedure.

We urge your strong support for the matters set forth above.

Sincerely,

M. C. WILMSMEYER,
Executive Vice President.

THE FIRST NATIONAL BANK,
Hinsdale, Ill., February 6, 1968.

Senator WAYNE MORSE,
Chairman, Senate Subcommittee on Education,
Washington, D.C.

DEAR SENATOR MORSE: We are writing to you with regard to your position as a member of the Senate Sub-Committee on Education. Our bank has been a participant in the Illinois Guaranteed Loan Program since it started in 1966. Although we realized that the maximum interest rate of 6% was rather low, especially for the installment repayment period of these loans, we felt that we should offer this program to our customers. Of course, we had no idea of the volume of loans and the volume of paper work involved, which has alarmed us recently.

Several banks in our area do not participate in the plan. Therefore, we must turn down many applications from persons who have great need. The other banks are not participating because they, too, feel that these loans are a losing operation for the banks.

As a point of comparison, the prime rate on our best secured loans is 6% and current home mortgage rates are 6¼% to 6½% in addition to a sizable fee on mortgages. Compared to our very competitive 4% add-on rate for new car loans, the 3% pay-out arrangement becomes almost irreconcilable. This inequity takes on even more severe dimensions when the paper work for the two types of loans are considered.

Another point is the length of time that the money is tied up in these loans. Some student loans could conceivably extend for a period of 16 years before the loan is completely repaid. That is considering four years of undergraduate school, three years of graduate work, three years deferment for service in the armed forces and finally a six year possible repayment period.

We have made studies that show our cost of processing a monthly installment loan is $2.50. If the student chooses to pay only the minimum payment of $30.00 per month, the interest earned each month in many cases will be less than that. We have some student loans currently resulting in this situation.

Our feeling is that a $35.00 fee per year per borrower would relieve a lot of problems. First of all, it would help make the loans profitable. Secondly, more banks would participate in the program, thereby making the loans available to more persons of need. Thirdly, it would be an incentive to the borrower to repay the loan faster.

We also favor eliminating the split billing procedure during repayment periods. We feel the student should pay all of the interest during repayment and then bill the government agency for the amount of interest actually paid after repayment is completed. This would be a further inducement to the student to repay the loan more rapidly.

We sincerely hope you will give these points your undivided attention in your consideration of the proposed fee and elimination of split billing for interest.

Very truly yours,

ROBERT L. ANDREASEN,
Assistant Cashier.

FIRST NATIONAL BANK,
Normal, Ill., February 7, 1968.

Hon. WAYNE MORSE,
Chairman, Subcommittee on Education,
Old Senate Office Building, Washington, D.C.

DEAR MR. MORSE: We have been making Illinois Guaranteed Loan Program Loans to students for sometime.

We would like to propose to you for your consideration an amendment that would establish a placement and conversion fee. Eliminate the split interest billing during the repayment period. A fee, to a maximum of $35.00 per year per borrower.

Have the student pay the 6% during the repayment period and be eligible for a 50% refund of interest paid from the U.S.O.E. when repayment is completed.

The detail involved in handling these loans is a losing operation to the bank.

Your serious consideration in this matter will be appreciated.

Very truly yours,

M. C. RICE, *Vice President.*

THE FIRST NATIONAL BANK & TRUST CO.,
Barrington, Ill., February 12, 1968.

Hon. WAYNE MORSE,
Chairman, Old Senate Office Building,
Washington, D.C.

DEAR SENATOR MORSE: We have learned that your committee will be considering revisions which will effect the Illinois Guaranteed Student Loan Program. As an officer of our bank, responsible for supervising our part in this program, I wish to make several comments, which I believe will make the program more attractive to my fellow bankers.

We have been in the program for approximately two years, and already have $200,000.00 outstanding. Within several years, we shall be approaching $1,000,000.00 in educational loans. At the moment, they are unattractive because of the rate, and I have found servicing them to be time consuming and often exasperating.

For this reason, not one bank within our immediate area has joined the program, and we are constantly explaining to out-of-town persons why we refuse to assist them. A service charge of some nature must be provided to cover our set-up cost, both on Interim loans and Payout notes.

You have provided an excellent method for any worthy youngster to achieve a college education. We fail to see why additional assistance is necessary after graduation. Surely, the youngster is now equipped to assume the burden of proper repayment of the principal and interest cost, as well. This would surely simplify the program and make it more appealing to those of us now in the program, and other smaller banks who lack the sophistication to meet the problems the present program poses.

This letter has also been sent to other members of your committee for their consideration.

Yours truly,

GLENN H. SCHNADT,
Vice President.

FIRST NATIONAL BANK & TRUST CO.,
Evanston, Ill., February 19, 1968.

Senator WAYNE MORSE,
Chairman, Old Senate Office Building,
Washington, D.C.

DEAR SENATOR MORSE: As one of the most active participants of the Illinois Guaranteed Loan Program, our bank has loaned over a quarter of a million dollars in the 18-month period this program has been in effect. We have enthusiastically endorsed the program although, from a profitability viewpoint, we could better invest our money elsewhere. We currently have over 250 student borrowers attending colleges and universities in over twenty-five of the fifty states and in two foreign countries. Undoubtedly, many of these students would be unable to attend college were it not for the help which we are able to give them under this fine program.

If we continue lending in the future at the same rate we have in the past, we will have several million dollars outstanding in student loans. It will be increasingly necessary that student loans pay their own way rather than lose money for us.

Two amendments, which we consider a necessity to this program, are now being considered by your Committee. We whole-heartedly recommend that action be taken to increase the return to the lendors on student loans. This should be done through two means:

1. A fee of $35.00 for each loan would help offset our considerable processing expenses at the time these expenses occur. Such a fee should be allowed under the law.

2. Computing interest derived from two sources (the student and U.S.O.E.) is an aggravation to us at this time but as the hundreds and thousands of loans, which our bank alone will handle, begin to pay on a monthly basis, computing interest will cease to be an aggravation and will become a serious problem. To alleviate this problem, interest should be paid either entirely by the student or entirely by the U.S.O.E. The law should be changed to provide for this.

As we are doing all we can to help the Illinois Guaranteed Loan Program be a success, we ask you to do what you can to at least allow us to break even under this program. We cannot continue operating at a loss and still increase our student loans at the rate we would like to.

Very truly yours,

ROBERT C. POOL,
Assistant Cashier.

FIRST SAVINGS & LOAN ASSOCIATION OF FAIR LAWN,
Fair Lawn, N.J. February 16, 1967.

Senator CLIFFORD P. CASE,
U.S. Senator, Senate Office Building, Washington, D.C.

DEAR SENATOR CASE: I am forwarding a copy of a letter written to Peter P. Muirhead, Associate Commissioner for Higher Education, Department of Health, Education and Welfare, Office of Education, Washington, D.C. The letter is self-explanatory and deals with suggestions for the elimination of certain objections to the Guaranteed Loan Program for college students.

I would greatly appreciate your comments when you have had a chance to review these suggestions and if you are in agreement would also appreciate any action you can take regarding their implementation.

Very truly yours,

RUSSELL T. CUSTER,
Vice President.

FIRST SAVINGS & LOAN ASSOCIATION OF FAIR LAWN.
Fair Lawn, N.J., February 16, 1967.

Mr. PETER P. MUIRHEAD,
Associate Commissioner for Higher Education, Department of Health, Education and Welfare, Office of Education, Washington, D.C.

DEAR MR. MUIRHEAD: I understand that some lending institutions have objections to participating in the Guaranteed Loan Program for college students. These objections relate to insufficient return on investment and the amount of paper work involved in processing loan applications. For your consideration, I am forwarding suggestions concerning these problems with the request that they be considered when changes are made.

YIELD

I do not think the answer to the problem of yield on these loans is an increase in interest rate. In the past the highest allowable interest rate has always turned out to be the only interest rate charged. This means that legislation permitting higher interest rates than at present would probably have the immediate effect of raising rates on student loans on an across-the-board basis rather than a discretionary basis. In addition, federal legislation concerning interest rates would inevitably be in conflict with state laws concerning usury and would therefore probably not be effective in areas where participation by lending institutions is most needed. In addition, legislation permitting higher interest rates would probably be unpopular with the electorate and their representatives.

The alternate solution I feel is approval for each lending institution to charge a processing fee of up to $25.00 per application for each loan application a student submits. There are several advantages to the application fee approach. People are familier with application fees already since they are currently used on a wide-spread basis for many other types of loans, the application fee would not be considered to be interest, therefore, there would be no conflict with state usury laws and the application fee would be related directly to the paper work being submitted and would therefore probably be better accepted by the public.

An application fee of $25.00 per application assuming that one application is filed per calendar year would yield the institution approximately 8.5% on an annual basis rather than the current 6%. This 8.5% would be earned while the student was in school and no repayment of principal was being made. Upon completion of schooling, the application fees would of course cease and the yield to the institution would go back down to the original 6%. The institution would at that time however be receiving monthly repayments which could be reinvested at higher yields if so desired.

The allowable $25.00 application fee seems to me to be a fair compromise which should be workable, would represent a reasonable return for the lending institution and which should not be a great financial burden on the student and his family. I strongly urge that this approach be given careful consideration in your discussions of this problem.

PROCESSING PAPER WORK

Lending institutions such as ours which deal primarily with mortgage loans are used to more paper work than are commercial banks, therefore the problem does not loom so large to us as it does in other areas of the financial community. I feel that this problem could be remedied to a certain extent by setting up procedures whereby both interest subsidy and the student loan would be approved at the state level. The fact that at the present time we must deal with both state and federal government levels creates problems. If we as a lending institution could deal with only one agency I am sure that the paper work involved in processing loan applications and subsidies could be simplified and reduced to a great extent.

I am referring these suggestions to our Congressman and Senators as well as the New Jersey Savings and Loan League and the New Jersey Higher Education Assistance Authority. Your comments will be greatly appreciated.

Very truly yours,

RUSSELL T. CUSTER,
Vice President.

FIRST SECURITY BANK OF IDAHO,
Caldwell, Idaho, November 28, 1967.

Hon. LEN B. JORDAN,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR JORDAN: I understand that hearings are in progress to provide Federal coinsurance for guaranteed loans to students.

If you will recall, the Higher Education Act of 1965 called for reliance on state and private nonprofit programs. Under this particular setup, an organization called the United Student Aid Funds, Inc. has been guaranteeing loans. In their program to date they are guaranteeing some $57 million in loans each year with an outstanding of $122 million to something like 150,000 students. All this has been done with a minimum of paper work, red tape, regulations, and expenses to the tax payer. Since agencies such as United Student Aid Funds, Inc. are doing such a good job, it appears to me that getting the Federal Government into the act will do nothing more than create additional expenses to tax payers, additional paper work, red tape, and regulations, all of which I feel are unnecessary.

It would be more to the point if you would change the present law, in whatever way is necessary, so that loans could be guaranteed by regular lenders on a profitable basis. At the present time this bank is accepting all applications for United Student Aid Fund loans even though we feel we lose money on each one. I know other banks do not have the same attitude as this one but might change their tune if this part of the law were changed.

Another thing that would serve to make the program more palatable all the way round would be to eliminate the interest subsidy the student receives after he is out of school. There is no reason why the student should not pay the interest after he has left school and is working rather than expect the tax payer to do so. Not only would this relieve the tax payer of a small burden but also would serve to eliminate an enormous amount of paper work.

Finally, I feel that the law should be amended in some way to make actual need a part of the program. Although this does not seem to be a problem in this immediate area, I know that it is entirely possible for students to obtain guaranteed loans when they do not actually need the funds. This in turn can sometimes prevent deserving students from obtaining loans when there is a shortage of reserves.

For the reasons given above and in light of present economic problems, I feel every possible move toward economy in the Federal Government should be of first and prime consideration. Therefore, I recommend that you reject the proposed coinsurance plan. I hope you will see your way clear to follow these recommendations.

Yours very truly,

ORRIN S. MERRILL,
Manager.

FIRST SECURITY TRUST & SAVINGS BANK,
Elmwood Park, Ill., February 16, 1968.

Senator WAYNE MORSE,
Chairman, Old Senate Office Building,
Washington, D.C.

DEAR SENATOR MORSE: The First Security Trust and Savings Bank participates in the guaranteed loan program. It provides the necessary funds for deserving students to continue their higher education.

In our estimation however, amendments to the guaranteed loan program should be passed so as to at least accomplish the following two objectives:

1. Increase the return so that student loans are not a losing operation to the lender; and
2. Reduce accounting problems.

We are very concerned about the continued support of this worth-while program by the banks in this nation and therefore strongly urge passage that would establish a placement and conversion fee. We recommend a maximum of $35.00 per year per borrower. This has been proposed by Undersecretary of Treasury, Joseph Barr.

We also encourage passage of legislation that would eliminate the split interest billing during the repayment period. We recommend that the student pay the entire six per cent. We favor this legislation because the welfare of this program is at stake.

We feel strongly that the continuation of this program depends on the passage of this legislation immediately.

Sincerely,

G. A. SCHMITT,
Vice President.

FIRST STATE BANK OF MONTICELLO, ILL.,
February 17, 1968.

Senator *WAYNE MORSE*,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR MORSE: It is understood that the Sub-Committees on Education will be holding hearings on the Guaranteed Loan Program in the near future. We believe that members of this Committee realize that a 6% return to lending agencies is not realistic in today's tight money situation and we urge you to consider two areas of this program that would greatly produce better results to us as lenders.

Since the interest rate at the present time is 6%, we feel a placement or conversion fee should be added to the program thus enabling the lender to off-set the initial expense incurred. Secondly we certainly do not look forward to the split interest billing calculations. This is not only difficult accountingwise for us as the lender but also requires additional costs incurred by the Federal Government in maintaining record accordingly.

We feel the student should pay the entire 6% during the repayment period and be eligible for refund of 50% of the interest paid when repayment is completed.

We hope you will convey our wishes at the forthcoming hearings of the U.S. House and Senate Education Committees.

Sincerely yours,

C. G. HOLFORTY,
President.

FIRST STATE BANK OF WEST SALEM,
West Salem, Ill., February 5, 1968.

Re Illinois Guaranteed Loan Program.
WAYNE MORSE,
Chairman, Committee on Education.

DEAR MR. MORSE: We are cooperating with the Illinois Guaranteed Loan Program, in making loans to our young people of the community, enabling them to secure higher education. In the short time we have been making loans under this program it is a losing operation for our bank.

In the first place the 6% interest is low for the amount of accounting involved. We are pleased to help the young people obtain higher education, but we recom-

mend that the U.S.O.E. pay our bank a fee of $35.00 at the time loan is made to help defray the extra expenses in setting up the loan. We also recommend that the borrower pay the full 6% on the pay-out note after completing their schooling. This would cut our operating expenses in billing the U.S.O.E. for 3% of the interest and then waiting about 30 days for payment.

Our bank is located in a farm area and the amount loaned to the student could be loaned for farm land and farm operations, at the rate of 7% and less book work.

We again recommend that you give this matter full consideration so that we can all help further educate our young students.

Yours very truly,

A. C. LEMKE, *Cashier.*

THE FRANKLIN PARK BANK,
Franklin Park, Ill., February 10, 1968.

Hon. WAYNE MORSE,
Chairman, Committee on Education,
Old Senate Office Building,
Washington, D.C.

SIR: We understand that your Committee has under consideration legislation to enable banks to make loans under the Illinois Guaranteed Loan Program with less operational expense than is now incurred.

We strongly recommend the abolishment of the split interest billing which has been an operational burden to us. The placement and conversion fee is of great interest to us since these loans are not profitable under the present income potential.

We shall appreciate your careful consideration of this matter.

Yours truly,

HERBERT BECK, *President.*

GALESBURG BURLINGTON CREDIT UNION,
Galesburg, Ill., February 9, 1968.

Hon. WAYNE MORSE,
U.S. Senate,
Old Senate Office Building,
Washington, D.C.

HONORABLE CHAIRMAN: I am writing you in connection with Administration proposals in the form of amendments to the Higher Education Amendments of 1967 (S. 1126) which were introduced into the Senate.

Speaking in the interest of the credit union movement, as well as service to the students participating in the student loan program under the Higher Education Act of 1965, earnestly petition your support for enactment of amendments which will establish a placement and conversion fee to institutions supporting the program.

Particularly in the case of credit unions, funds placed into this service which can be tied up for a period of years, could rather be placed in readily accessible investments for immediate availability as surplus capital when needed, and earning similar interest rates in return. In order to induce greater support of this vital program, feel it is imperative to have legislation which will encourage promotion of the program.

In addition, would recommend reducing the work load of split interest billing by eliminating it as such, and during the repayment period the student be required to pay the entire 6% interest, thereby making repayment the sole obligation of the borrower which would encourage the student to accelerate the repayment, and then if deemed feasible the U.S.O.E. could allow the student to become eligible for a 50% refund of interest paid when repayment has been completed.

The Credit Union movement has been a staunch backer of the student loan program under the Higher Education Act, and you and your committee's support for the passage of such amendments and improved legislation would be greatly appreciated.

Respectfully submitted.

DALE E. SWANSON,
Assistant to Treasurer, Student Loan Officer.

GALVA SAVINGS & LOAN ASSOCIATION,
Galva, Ill., February 21, 1968.

Senator WAYNE MORSE,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR MORSE: Concerning education loans limited to 6% simple interest. We are currently paying 5¼% for savings money and 5¾% for advances from our Federal Home Loan Bank so you can understand that with the office work involved we are losing money on every education loan we make. We are as interested as anyone in seeing that our young people get a college education but we can not continue to support the program at a loss.

I ask your support on two suggestions:

(1) Approve a fee of $35.00 per year per borrower to compensate us for the work involved.

(2) Have the borrower pay the entire 6% interest during the repayment period as an inducement for the borrower to accelerate repayment and eliminate the confusion of charging 3% to the borrower and 3% to the Government.

Your consideration and support of these proposals will be greatly appreciated.

Very truly yours,

GERALD D. YOUNG,
Secretary Treasurer.

GEM CITY SAVINGS & LOAN ASSOCIATION,
Quincy, Ill., February 28, 1968.

Mr. WAYNE MORSE,
Subcommittee on Education,
Old Senate Office Building,
Washington, D.C.

SIR: I strongly urge your support of the passage of any amendment that would establish a processing fee for student loans guaranteed under state guaranteed loan programs.

Student loans are a losing proposition for savings and loan associations. A processing fee would put them on at least a minimal profitable basis. There is no particular reason why savings and loan associations should co-operate with college loan programs at a loss to their members.

Also, I urge your support of any amendment that would eliminate the present split interest billing system. This is not only a very complicated procedure, but it does not make the student accept his share of the responsibility as he should. We need a billing system that would encourage the student to accelerate repayment and accept the responsibility that is his. Let the U.S.O.E. pay the 6% interest charge while the student is enrolled as a full-time student but let the student accept the interest charge during the repayment period and become eligible for a refund from the U.S.O.E. upon completion of repayment of his loan.

Thank you very much for your attention, and your support would be greatly appreciated.

Yours very truly,

HENRY J. MAXWELL,
Vice President.

GLENVIEW STATE BANK,
Glenview, Ill., February 7, 1968.

Senator WAYNE MORSE,
Chairman, Subcommittee on Education,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR MORSE: It is our understanding that hearings will be held shortly by the Senate Education Committee concerning two rather important amendments to be considered in the Guaranteed Loan Program. We have actively been participating in the Illinois Guaranteed Loan Program since its inception and believe that the enactment of these amendments are necessary for the continued success of this Program:

1. We believe a fee to a maximum of $35.00 per year per borrower as proposed by Under-secretary of Treasury, Joseph Barr, should be enacted in order to increase the return on a student loan so as to be more acceptable to the banking industry.

2. The elimination of the split interest billing which complicates the accounting for interest on said loans and the substitution of the billing procedures on either of the alternatives listed below:

a. Have student pay entire 6%
b. Have U.S.O.E. pay entire 6%; or
c. Have student pay entire 6% during the repayment period and be eligible for a refund of 50% of interest paid from the U.S.O.E. when repayment is completed.

We earnestly and respectfully urge your consideration of the above matters.

Very truly yours,

JOHN H. BEAULIEU,
President.

HARTFORD PLAZA BANK,
Chicago, Ill., February 13, 1968.

Hon. WAYNE MORSE,
Chairman, Subcommittee on Education,
Old Senate Office Building, Washington, D.C.

DEAR SENATOR MORSE: We understand that hearings in the U.S. House and Senate Education Committees will take place in the next few weeks on federal action concerning student loans. As a participating bank in the Illinois Guaranteed Loan Program for the past two years, we urge that you, as a member of the Subcommittee of Education, consider the following points:

1. The present amount of paperwork involved in processing each application, each interim note, and each payout note is much too complicated. The 6% simple maximum interest rate does not cover costs incurred in this operation. We are finding that a student returns for an additional loan each year. If this pattern continues, after four years of schooling, we might ultimately have $5,500.00 outstanding to each student. We do not feel we can refuse to make an additional loan to our students because of the way the loan program is set up. Even by granting loans on a selective basis, the amount of funds tied up in these loans becomes a sizeable portion of our loan portfolio.

2. A processing fee is necessary to bring this operation close to the profitability level. This fee should be adjusted to the market and should be paid each time the lender incurs significant processing expenses.

3. Include an incentive to repay the loan quickly. This frees funds for other students. A favorable solution would be one that would make all interest during repayment, the sole obligation of the student borrower.

Very truly yours,

DARRELL R. WINDLE,
Assistant Cashier.

HOME FEDERAL SAVINGS
& LOAN ASSOCIATION OF CHICAGO,
Chicago, Ill., March 1, 1968.

Hon. WAYNE MORSE,
Chairman, Old Senate Office Building,
Washington, D.C.

Dear MR. MORSE: We strongly urge your favorable consideration of the proposed amendments to the Student Guaranteed Loan Program, providing a placement and conversion fee and eliminating the split interest billing during the repayment period.

Because of the change in the money market shortly after the program was inaugurated in the state of Illinois (1966), available funds became scarce and many institutions curtailed their activity in student loans. Though there was a sincere desire to cooperate with the program and perform a community service, it was not prudent to pour unlimited funds into an investment that produced less than even investment earnings.

We believe the placement fee of $35.00 and some sort of a conversion fee will tend to alleviate the cost of processing student loans.

As an alternative to the split interest billing during the repayment period, we would recommend the student pay the entire 6% during the repayment period and upon good performance to completion of repayment, be eligible for 50% of the interest paid. This would tend for the student to repay in a shorter period.

Yours truly,

E. L. MAJESKI, *Vice President.*

HOME FEDERAL SAVINGS
& LOAN ASSOCIATION OF ROCKFORD,
Rockford, Ill., February 9, 1968.

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

Dear Senator MORSE: Since the inception of the Guaranteed Loan Program, we at Home Federal Savings and Loan Association of Rockford, Illinois, have been very active in this field. We are, in fact, the leader in Northern Illinois, outside of Chicago.

Management at our association has been highly receptive to the philosophy of this program, but we are beginning to find it difficult to operate at even a modest profit. We find two basic conditions responsible for this dilemma:

1. Insufficient return; and
2. Costly accounting problems

There have been many ideas formulated to combat these situations; however, we find the following concepts to be most helpful:

1. A fee to be paid at origination of each accepted application, as suggested by Undersecretary of Treasury, Joseph Barr
2. Simplify the procedure of computing the interest from 6% to 3%

A suggestion to this last point may be to have the U.S. Office of Education pay the 6% rate while the student is in school and let the student pay the 6% rate upon termination of his education.

For months we have heard rumors of legislation to head off these inadequacies in the program, but nothing has yet materialized.

Most financial institutions in this area are not fully taking part in the program because of the above mentioned faults; so they in turn send all referrals to us magnifying our situation.

We feel a high moral obligation to the young people in our community, and rightly so because statistics bear out the fact that this group will be weilding much power in the near future. Again, we are businessmen concerned with operating at a profit. The Guaranteed Loan Program, in its present form, makes this quite difficult.

Sincerely,

JAMES F. ZEGUNIS,
Assistant Vice President.

ILLINOIS NATIONAL BANK,
Springfield, Ill., February 27, 1968.

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

Dear Senator MORSE: Because you are a member of the Senate Education Committee, we would like for you to know our feelings concerning the guaranteed loan program for students. Based upon our recent experience as a participating bank in the Illinois Guaranteed Loan Program, we submit the following:

1. We urge passage of an amendment that would establish a placement and conversion fee. Without a fee, interest return is currently too low, and the expense necessary to process and carry on a monthly payment plan makes it unprofitable. Without a more reasonable return, there is insufficient incentive for a bank to make the Illinois Guaranteed Loan Program loans.
2. We urge passage of an amendment to eliminate the split interest billing by having the student pay the entire 6% interest. Under this plan the student would be encouraged to accelerate his repayment of the loan.

We feel that the basic concept of the guaranteed loan program is excellent and, with the revisions suggested above, can be made into a workable program for all concerned.

Sincerely,

A. D. VANMETER, JR., *President.*

ILLINOIS NATIONAL BANK & TRUST CO.,
Rockford, Ill., February 20, 1968.

Mr. WAYNE MORSE,
Chairman, Senate Subcommittee on Education, 209 Old Senate Office Building, Washington, D.C.

DEAR SENATOR: We understand that your committee on education will be holding hearings regarding fees to be charged to students who are now under the different educational plans. Our bank has been participating in education plans for the past five years. Due to the increased activity in this program and due to the fact that we are one of the very few participants in this area, we feel that amendments should be passed that would establish a placement and conversion fee and eliminate the split interest billing during the repayment period. We favor a maximum of $35.00 and favor the alternative which makes all interest during repayment the sole obligation of the borrower.

Yours very truly,

CARL H. PETERSON, *Vice President.*

LAND OF LINCOLN BANK,
Springfield, Ill., February 9, 1968.

Hon. WAYNE MORSE,
Chairman, 209 Old Senate Office Building, Washington, D.C.

DEAR MR. MORSE: I am the father of 9 children and also the Loan Officer of a 15 million dollar bank. I am keenly interested in the Illinois Guaranteed Loan Program both from the standpoint of a father and the standpoint of a banker. With the size of my family I will definitely need the assistance of a school program such as the Illinois Guaranteed Loan Program to put my children through college. By the same token I know as a banker that unless the bank receives help with these loans by way of compensation, we will be forced to stop making these loans. We as bankers definitely need a fee to set these loans up to help offset the low interest rate charged on these school loans. I would also like to see a change in the repayment contract calling for a split interest. This causes nothing but trouble and adds to the cost of operation.

I urge you as a father and a banker to look favorably on the passage of amendments that would establish a placement fee and eliminate the split interest billing during the repayment period.

Very truly yours,

JOHN W. BECK, *Vice President.*

BANK OF LINCOLNWOOD,
Lincolnwood, Ill., February 8, 1968.

Senator WAYNE MORSE,
Chairman, 209 Old Senate Office Building, Washington, D.C.

DEAR SENATOR MORSE: Bank of Lincolnwood participates in the guaranteed loan program. It provides the necessary funds for deserving students to continue their higher education.

In our estimation however, amendments to the guaranteed loan program should be passed so as to at least accomplish the following two objectives:

1. Increase the return so that student loans are not a losing operation to the lender; and
2. Reduce accounting problems.

We are very concerned about the continued support of this worthwhile program by the banks in this nation and therefore strongly urge passage that would establish a placement and conversion fee. *We recommend a maximum of $35.00 per year per borrower.* This has been proposed by Undersecretary of Treasury, Joseph Barr.

We also encourage passage of legislation that would eliminate the split interest billing during the repayment period. We recommend that the student pay the entire six percent. We favor this legislation because the welfare of this program is at stake.

We feel strongly that the continuation of this program depends on the passage of this legislation immediately.

Sincerely,

CARL L. GUBITZ, *Vice President.*

LITCHFIELD NATIONAL BANK,
Litchfield, Ill., February 6, 1968.

Senator WAYNE MORSE,
Chairman, 209 Old Senate Office Building, Washington, D.C.

DEAR SENATOR MORSE: We would appreciate your help in the passage of amendments that would establish a placement and conversion fee of a maximum of $35.00 per year per borrower for the Student Loan Program.

We would also favor your support on the legislation which makes all interest during the repayment of the student loan, the sole obligation of the borrower.

We appreciate your help in the past with the Student Loan Program and would appreciate your support regarding future legislation.

Yours very truly,

FRANK L. FLEMING,
Vice President.

MARINE TRUST CO. OF CARTHAGE,
Carthage, Ill., February 12, 1968.

Hon. WAYNE MORSE,
Chairman, Subcommittee on Education,
209 Old Senate Office Building,
Washington, D.C.

DEAR MR. MORSE: We officeres of the Marine Trust Company of Carthage are becoming concerned with the status of the Illinois Guaranteed Loan Program. In the past, we have been making college loans to students in our immediate area. The loans now number twenty-one which seems to be our fair share for a 7½ million bank in a small farming community. We are experiencing heavy demands for money in our other loan areas and are finding the college loans to be an unprofitable encounter. If this continues, we will be forced to discontinue making college loans on the present interest basis. We are loaning the majority of our money on a 7% basis and are having a greater demand for these funds than money to fulfill them. Our installment loans are returning a greater interest rate than the regular loans and more dollars are being used in this area which means less dollars are available for our lower interest earning loans.

We must encourage, if possible, a change in the interest rate or income basis of these loans. I feel that a service fee of $35.00 per year on these loans will greatly equalize the difference in interest rates. This should be allowed to fluctuate with the money market as the present trend looks as though it will go higher rather than lower. Our present loss on each college loan is averaging $32.25 per year just on interest while the student is in school! This loss does not include any of our overhead expenses, labor, etc.

As you can see we are quite concerned with the present status of the college loan program. Unless some changes come about soon, we probably will be forced to eliminate any future loans to students who need financial help to continue their educational plans.

It is my understanding that legislation is pending on this problem. We here at the Marine Trust Company of Carthage urge you to consider our position and encourage changing the present policies to make these loans easier for us to live with.

We are eager to help the young people of our community obtain further education to better train them for todays society. I am sure your efforts and influence will enable us to further continue to serve the people of our community.

Thank you for your help and consideration.

Very truly yours,

HOWARD L. PERRY,
Assistant Cashier.

MCHENRY STATE BANK,
McHenry, Ill., February 6, 1968.

Hon. WAYNE MORSE,
Chairman, Old Senate Office Building,
Washington, D.C.

SIR: Within the next few weeks the U.S. Senate Education Committee will be hearing testimony regarding possible changes in the Government Student Loan

Program. We here at McHenry State Bank presently have the Illinois Guaranteed Loan Program, which is a program conceived by the State of Illinois Legislature whereby they guarantee loans for the student with a federal interest benefit being available in conjunction with such guarantee.

To date we have processed 75 individual loans, totaling approximately $75,000.00 All of these loans are presently receiving the benefit of the Federal Interest Program, which pays the full interest on the loan while the student is attending school on a full-time basis. We feel this Federal Interest Benefit is of tremendous value to the student and most of all to the family of the student, since the cost of a college education is increasing each year, and therefore places a tremendous financial burden on the student's family.

Of this $75,000.00 total volume, we have a few student loans that are in the pay-out stage, whereby the student has completed his education and is making repayment with the Federal Interest Program paying one half of the interest rate. It is our considered opinion that this program of assisting the student after completion of college could be eliminated since in effect the normal student after completion of school is earning an above average income and could pay the interest in its entirety from this income.

The maximum rate the lender can charge on these student loans as of this date is 6 per cent simple interest. Needless to say, in comparison with today's interest rates, this type of loan is not the most attractive type of investment in a bank's loan portfolio. Because of the paper work and other details connected with these student loans, it is our considered opinion that we are losing money in the granting of these loans to students. To offset this loss and make the program pay for itself and attract other lenders in the program, may we suggest one of two alternatives: 1. The establishment of a placement or convention fee with the maximum of $35.00 per year per borrower as proposed by the Under Secretary of the Treasury, Joseph Barr; or, 2. The granting of a tax credit or the classification of the interest earned on these loans as nontaxable income such as income earned on municipal bonds and school district tax anticipation loans.

Your favorable consideration to these amendments to the Educational Act, I am sure, will help both the student and the lender.

Respectfully yours,

ALAN M. MEYER,
Assistant Cashier.

METAMORA NATIONAL BANK,
Metamora, Ill., February 14, 1968.

Hon. WAYNE MORSE,
Chairman, U.S. Senate,
Washington, D.C.

Dear SENATOR MORSE: I commend the federal government for making available guaranteed loans for college students in cooperation with state governments and the banking industry. We have participated in this program since its inception.

I do feel every consideration should be given toward simplifying the processing of interest payments, and in fact, the manner in which interest on these loans is paid.

Specifically, I encourage allowing the student to pay all of the interest during the repayment cycle. This practice would eliminate split billing on the part of the bank to both the student and the federal government, it would encourage the student to accelerate repayment of his loan, and would have the additional effect of shifting cost of the student loan program from the government to the student who has enjoyed the benefit of the loan while in school. Also, it would eliminate book work for the bank.

Very truly yours,

RAY J. SCHERTZ, *President.*

BANK OF NAPERVILLE, ILL.,
March 9, 1968.

Hon. WAYNE MORSE,
Chairman, Subcommittee on Education,
U.S. Senate, Washington, D.C.

SIR: We at the Bank of Naperville are quite concerned about the way recent developments are taking shape regarding the $35.00 fee for lenders. We have now been cooperating with the I.G.L.P. since its inception in July of 1966. Before this time, we were and still are, working with the U.S.A. Funds, Inc.

It has been our experience over the past year and a half that the letter writing, preparing of forms, and general accounting, etc. has increased immensely. We are now working with each student, sending the first letter to the guarantee offices, waiting for their reply, sending letters, and carbon copies to the school, student, guarantee agency, and finally to a federal government agency. As you can see, there is a great deal of paper work.

Furthermore, without all of the detail and paperwork, only our best qualified customers are receiving the prime interest rate that the students enjoy under the I.G.L.P.

We would suggest:

1. A fee schedule be established so that the lender may be partially compensated for acquisition and handling expense.
2. Students pay the entire 6% interest charge during the repayment period.

This letter is written expressly to emphasize our concern for and problems with the Guaranteed Student Loan Program. While the student loan program itself has merit, the administration of it requires considerable improvement and streamlining if the lenders are to continue to approve it. Enactment of these recommendations would be a hopeful and helpful indication that the program will be improved.

Very truly yours,

VERNON S. HOESCH, *President.*

THE NATIONAL BANK OF SAVANNA,
Savanna, Ill., February 3, 1968.

Hon. WAYNE MORSE,
Chairman, 209 Old Senate Office Building,
Washington, D.C.

DEAR SIR: We have received a communication from Mr. Lee Noel, who is the Director of the Illinois Guaranteed Loan Program for students. In his letter, he spelled out a good many items.

I would like to express my opinion as to the student loan application. Personally, I feel that if the student applies to the Guaranteed Student Loan Program, there should be no charge of a $35.00 fee for the application because this will hinder students or their parents from applying because some of these people do not have the $35.00 fee to pay for their application. Therefore, I would like to go on record of being against collecting a fee from the student borrower.

Now, as to the interest, we feel as though the parents or the students should pay the full amount of interest, and not have the Government bear the expense when the student gets the benefit.

I will appreciate it if you will use your best efforts in this matter, and I remain.

Very truly yours,

C. S. RAHN, *President.*

NATIONAL LEAGUE OF INSURED SAVINGS ASSOCIATIONS,
Washington, D.C., July 26, 1967.

Hon. WAYNE MORSE,
Chairman, Subcommittee on Education, Committee on Labor and Public Welfare,
4230 New Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: The National League of Insured Savings Associations is a nationwide trade association serving the savings and loan industry. On its behalf I wish to support particularly one portion of Amendment No. 210 introduced by you on June 15, 1967, to amend S. 1126, the Higher Education Amendments of 1967. That portion would authorize Federal savings and loan associations to make loans to students for vocational education.

It would add a new section 429 to S. 1126 to amend section 5(c) of the Home Owner's Loan Act of 1933 to include vocational education among the types of education the expenses of which may be paid from the proceeds of loans, obligations, and advances of credit in which Federal savings and loan associations are authorized to invest. That section 5(c) already authorizes such Federal associations to make loans to pay expenses of college or university education.

In introducing Amendment No. 210, you noted that its provisions had been sent to the Congress by the Administration. Secretary of Health, Education

and Welfare Gardner's transmittal letter to the President of the Senate identified these provisions as having resulted from a study made at the request of the President of the United States by the Secretary of the Treasury, the Director of the Budget, the Chairman of the Council of Economic Advisers and the Secretary of Health, Education and Welfare in consultation with appropriate State officials and interested private organizations.

As one of the private organizations to which that letter refers, the National League, through its representative at study sessions convened by Under Secretary of the Treasury Barr, invited attention to the need for legislation to enable Federal savings and loan associations to make vocational education loans.

The National League commends the action of the Presidential study group in recommending the enactment of legislation to fulfill this need. Its enactment becomes even more advisable in view of the fact that other provisions of Amendment No. 210 would merge into a single loan insurance program the present separate programs for insured loans for college education and for vocational education. The lending authority of Federal savings and loan associations should encompass all parts of the proposed merged program.

The National League appreciates your action in introducing Amendment No. 210. It recommends early and favorable consideration of the expansion in lending authority the amendment would provide for Federal savings and loan associations, thus enabling them to contribute to the effort to make educational financing available to deserving vocational students.

Sincerely,

REX G. BAKER, Jr., *President.*

OAK PARK NATIONAL BANK,
February 5, 1968.

HON. WAYNE MORSE,
Member of the U.S. Senate, Chairman, Committee on Education, 209 Old Senate Office Building, Washington, D.C.

DEAR SENATOR MORSE: We have been an active participant in the Illinois Guaranteed Loan Program under the Higher Education Act of 1965 since its inception. Our entry into the program was a decision to offer students in our community the opportunity to go on to college, and thoughts toward future banking relationships with both the students and their families.

Our experience during the first eighteen months in the program has brought to light several points which we feel could be improved by Amendments to the original plan. Below are a few of the important problems along with what we propose as solutions to them.

I. The lack of participation by some lenders because of the loss of income factor due to high cost of money and operational costs.

Solution.—As quickly as possible establish a placement and conversion fee based on a formula of $10.00 plus 1% of the note on all interim loans payable by the student. (This would amount to no more than $25.00 per year to the borrower.) Use the same formula for conversion to payout loans with a ceiling of $50.00—again payable by the student. The placement fee could be taken directly from the loan proceeds or the student could pay the fee with his application. The conversion fee could be paid during the five months grace period or added to the principal of the payout note.

II. Accounting problem due to split interest billing on payout notes and deferment agreements for Government Service reasons.

Solution.—After leaving school the student will pay full interest on the payout note unless he should enter the Armed Forces, Vista, or thte Peace Corps, in which case the Government will pay the full interest up to three years or discharge. The taxpayer has taken the burden of interest off the student for the time in school and should not be expected to continue when the student is gainfully employed. This plan would tend to encourage students to accelerate repayment and free up additional funds for new student loans.

III. A lack of cooperation by the Universities and Colleges to keep the lender informed as to the student's attendance in full time study programs.

Solution.—Every school qualified to participate should, by contract, notify the lender and the U.S. Office of Education immediately when the student leaves

school as a dropout, graduate or transfer. Any unused funds, i.e., tuitions, room and board, etc., should be returned directly to the lender to apply to the student's outstanding liability.

We hope you will give consideration to the above proposals in the hearings to take place on this subject. The demand for student loans continues to grow and until more lending institutions participate some applicants will be turned down merely for lack of loanable funds. Surely if the program can be put on a profitable or break-even basis, more lenders will be interested and allocate additional funds to the program. The solutions we suggest herein would not put additional burdens on the taxpayer and at the same time would instill a minimal responsibility on our younger generation.

Sincerely yours,

R. B. McFeely, Jr., *Vice President.*

Palatine National Bank,
Palatine, Ill., February 20, 1968.

Hon. Wayne Morse,
Chairman of Subcommittee on Education,
Old Senate Office Building, Washington, D.C.

Dear Sir: I would like to offer a few comments concerning the pending legislation on the placement and conversion fees and the elimination of the split interest billing for Student Guaranteed Loans. I am offering these comments both as a banker and a citizen and tax payer.

First of all as a banker, I feel that there is a growing concern with Student Guaranteed Loans among lenders because of the tremendous loan demand with little resulting return for the lender. The demand for these loans seems to have exceeded the lenders concept of "public and community service". This situation would be rectified to some extent by offering to the lender a fee in addition to the normal 6% annual interest.

As a citizen, who incidently went through college without the aid of a guaranteed loan, I feel that in many cases these loans are too easily obtained. If the student had to pay all the interest during the repayment period, I feel he would be more frugal in requesting amounts for his interim loans.

Therefore, I am in agreement both for the placement and conversion fees and the elimination for the split interest billing during repayment period. Please take my comments into consideration.

Yours very truly,

C. Michael Reese,
Loan Officer.

Petefish, Skiles & Co. Bank,
Virginia, Ill., February 6, 1968.

Hon. Wayne Morse,
U.S. Senate, Washington, D.C.

Dear Senator: We have been participating in the Illinois Guaranteed Loan Program from its beginning in our community. It is a very worthwhile program for students who need help to continue their educational plans, and we are glad to be able to do our part.

However, we do feel that amendments to the guaranteed loan program should be passed to reduce accounting problems and to increase the return so that student loans are not a losing operation to the lender. The split interest billing during the repayment period is a severe burden on the lender and we feel that it should be eliminated.

I understand the following alternatives for eliminating the split interest billing are being considered:

1. have student pay entire 6%;
2. have U.S.O.E. pay entire 6%; or
3. have student pay entire 6% during the repayment period, and be eligible for a refund of 50% of interest paid from the U.S.O.E. when repayment is complete.

Anyone of the above alternatives would help lessen the burden on the lender.

I urge you to consider our position in this matter and any support that you can give us on it will be greatly appreciated.

Sincerely yours,

Reginald Jokisch, *Vice President.*

RIVERDALE BANK,
Riverdale, Ill., February 12, 1968.

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

DEAR SENATOR MORSE: We, at Riverdale Bank, have been very enthusiastic about serving the young people in our area with Student Loans under the Illinois Guaranteed Loan Program, and now have over one hundred loans totaling over $110,000.00 on our records. We feel this is a sizable portion of our loan portfolio since we are only a 24 million dollar bank. However, we do feel that changes are urgently needed in the program. Amendments to the guaranteed loan program should be passed to accomplish two objectives.

1. Increase the return so that student loans are not a losing operation to the lender.
2. Reduce accounting problems.

If these objectives are not met our bank may be forced to make student loans highly restrictive to the young people in our community. Our recommendations to accomplish these objectives are:

1. A $35.00 per application fee.
2. Dispense with split interest billing.

We would recommend that the burden of the interest should be placed on the student during the repayment period. By this time they have received the help while they needed it, and should be ready and qualified to pay their own interest expense with the higher education they have had help in obtaining. However, we do not understand why the student who gets drafted into the Armed Services should pay interest while in the Service.

We call on you as a member of the Education Committee to pass legislation to accomplish these goals in the Student Loan Program.

Sincerely yours,

FRANK STEWART, *President.*

SALEM NATIONAL BANK,
Salem, Ill., February 12, 1968.

DEAR SIR: Very shortly you will be considering new legislation for the student guaranteed loan program. The present rate of 6% is very low, and our cost analysis shows a loss on all these loans.

We are currently paying 5% to our time certificate holders. In addition to this, we must carry a percentage of these funds with the Federal Reserve Bank. You can see this leaves us with less than 1% to handle these loans. Your consideration of adding the $35.00 handling fee would be greatly appreciated.

You should also give consideration to changing the bill to provide that the student pay all the interest during the prepayment period. This would make the system much easier to manage, and would encourage acceleration of payments.

Consideration should also be given to extending the repayment period equal to the time a young man must serve in the military service. To shorten this repayment period by the amount of time they are called on to service is very unfair and should be changed.

Yours very truly,

GERALD SINCLAIR,
Vice President.

SPRING VALLEY CITY BANK,
Spring Valley, Ill., February 19, 1968.

HON. WAYNE MORSE,
Chairman, Subcommittee on Education,
209 Old Senate Office Building,
Washington, D.C.

DEAR SENATOR MORSE: It is my understanding that your Committee will hold hearings within the next few weeks covering the Guaranteed Student Loan Program, and you will be requested to allow a maximum fee of $35.00 per year per borrower to the Bank handling this Program. Apparently, this has been proposed by Under-secretary of Treasury, Joseph Barr. This fee, for your information, would be entirely agreeable to us.

If we had any election in the matter, we would prefer to have the student pay the entire 6% during the repayment period and be eligible for a refund of 50% of interest paid from the U.S.O.E. when repayment is completed.

We thought that you might be interested in how we feel this matter could be handled. Thank you for your kind attention to this.

Very truly yours,

R. J. LUTHER, *Vice President.*

ST. PAUL FEDERAL SAVINGS & LOAN ASSOCIATION OF CHICAGO,
Chicago, Ill., February 12, 1968.

HON. WAYNE MORSE,
Chairman, U.S. Senate,
209 Old Senate Office Building,
Washington, D.C.

DEAR SIR: We at St. Paul Federal Savings & Loan Association heartily endorse the Student Loan Program. Since our active participation in this program at the beginning of 1967, we have aided some 120 students.

However, the cost of operating this program is rising sharply, making this a very unfavorable operation. We are seeking your assistance by the enactment of legislature enabling us to charge a minimum placement fee of $35.00 per year, per borrower.

It would assist our organization if we had but one source to seek the collection of interest. The necessity of checking each quarter to see how much and to whom we are to bill interest charges is becoming a problem, and this problem will grow as we assist more students.

I fear that this situation will create an impediment in the willingness of not only our organization, but of many others to become more involved in the student loan program.

Very truly yours,

GEORGE F. VOSICKY, *Assistant Secretary.*

STATE BANK OF EAST MOLINE,
East Moline, Ill., February 13, 1968.

HON. WAYNE MORSE,
Chairman, 209 Old Senate Office Building,
Washington, D.C.

DEAR SIR: With regard to hearings in the U.S. House and Senate Educational Committees concerning the Guaranteed Loan Program, we would like to encourage you to consider the following:

1. A placement or conversion fee for putting loans on the books. The time that is spent processing student loans is approximately twice the time spent on a conventional loan. The rate on an educational loan @ 6% simple interest is a losing proposition as a higher rate on invested funds can be achieved. For this reason, education loans are of an accommodation nature to good bank customers. Also, any funds advanced do not become derived deposits unless the bank is near the college that the student borrower attends.

For these reasons, we feel that a fee of approximately $35.00 per year per borrower should be a part of the Student Loan Program so that more students can be served in a better manner.

2. We would like to recommend that the student pay the full amount of the 6% interest an all payout notes. We are referring primarily to the payout note which is drawn up after the student graduates from college and has taken a job. We feel that the student will become more aware of the interest he pays and be a more responsible citizen. The government interest program is too liberal in that the students have jobs whereby they can afford to pay the interest. The student learns to pay his own way rather than to have a "free ride".

We urge you to consider these factors in your committee meetings so that we can better serve more students who are eligible for this type of loan.

Sincerely yours,

ROBERT B. REW, *Vice President.*

STATE BANK OF LOMBARD,
Lombard, Ill., February 5, 1968.

SENATOR WAYNE MORSE,
209 Old Senate Office Building,
Washington, D.C.

DEAR SENATOR MORSE: We are writing to you relative to legislation regarding loans to college students, and in particularly, relative to the charges that lenders

are permitted to make in connection with such loans. This bank has been making student loans to our customers for the past two years. The 6% rate that we are permitted to charge is becoming increasingly inadequate in comparison with the rates other types of borrowers are willing to pay. We desire to continue to make student loans because we are interested in assisting the people of this community who need financing to provide an adequate education for their children.

We respectfully request that your committee on education would find it advantageous to borrowers and lenders alike, to recommend to the Senate legislation to permit either an increased interest rate on this type of loan or a fee in some amount that might be charged by the lender to give a more adequate return.

Very truly yours,

GEORGE H. MORTON,
Vice President and Trust Officer.

STILLMAN VALLEY NATIONAL BANK,
Stillman Valley, Ill. February 8, 1968.

SENATOR WAYNE MORSE,
Chairman, Old Senate Office Building, Washington, D.C.

DEAR SENATOR MORSE: I am writing to you in regard to the Student Loan program. Our bank is participating in the program under the Illinois Guaranteed Loan Program.

We have completed over two years of making student loans and presently have over sixty student loans totaling over $60,000. Our only problem concerning the loans is a simple one. Under existing money market costs, we are fighting a losing battle and cannot come close to break-even basis in processing the Students Loans. We feel the Student Loan program is an excellent program, and we certainly realize the importance of higher education for our youth of today.

We have run numerous cost studies in processing the loans and have definitely found them to be a losing proposition. We feel a loan service fee to a maximum of $35.00 per year per borrower would at least defray our actual costs and place the loans on a break-even basis.

We now have several loans which are being repaid. The split interest billing 3% to be paid by the student and 3% by the government poses many accounting problems. I feel this method is complex and poses complicated accounting methods. This again has cost us additional man hours, etc., when the loans are being repaid. I have talked to bankers all over the state of Illinois and everyone is having problems under the present method.

I strongly favor having the student pay the entire 6% on the loan once he graduated or ceases to be a full time student.

Unless we can receive a loan service fee to put the loan on a break-even basis we plan to greatly restrict our participation in the program and in many cases discontinue it completely.

We find it difficult to comprehend how we are supposed to invest money at 6% simple interest in Student Loans, which involves complicated accounting methods and processing costs, and a finanical loss on each application to our institution.

We can purchase United States Government Bonds on a comparable yield and all we have to do is clip coupons.

Very truly yours,

JAMES M. SWANSON, *Cashier.*

BANK OF STRONGHURST, ILL.,
February 9, 1968.

Hon. WAYNE MORSE,
Chairman, Subcommittee on Educatton,
Old Senate Office Building,
Washington, D.C.

Hon. WAYNE MORSE: Our Bank entered into the College Student Loans with the Illinois Guaranteed Loan Program of Deerfield, Illinois in July of 1966 to make it permissable for High School Graduates of our Banking area to continue with a College Education. We feel this program is worth our time and also is helping in making a great contribution to our nation to help our young people have this opportunity to become better citizens and living standards in the future.

However, the program at present only permits the banks to charge a simple interest rate of 6% on these loans and we all realize that at the present rate of interest paid by other type of investments that this rate is a losing operation to the lender. A processing fee allowed for each application processed would make the program more attractive for other banks to participate in making this type of loan.

To help to reduce accounting problems the split interest billing during the repayment period could be eliminated by several alternatives:

1. have student pay entire 6%;
2. have U.S.O.E. pay entire 6%; or,
3. have student pay entire 6% during the repayment period and be eligible for a refund of 50% of interest paid from the U.S.O.E. when repayment is completed.

In regard to a placement and conversion fee of $35 for each loan processed we believe the lenders would continue to participate in helping all students in the future.

Sincerely,

WAYNE LITTLE, *Cashier.*

TALMAN FEDERAL SAVINGS &
LOAN ASSOCIATION OF CHICAGO,
February 12, 1968.

Hon. WAYNE MORSE,
Old Senate Office Building, Washington, D.C.

SIR: To simplify the processing operation of student loans under the guaranteed loan program, and reduce the cost of executing each loan, we are recommending for your consideration the following amendments:

1. Have student pay entire 6% interest charge.
2. Allow a placement fee to the finanicial institution so that student loans are not a losing operation to the lender.

Our accounting department is encourntering difficulty and delay in preparing the quarterly statements for the Government. Since the student-borrower doesn't always adhere to the repayment schedule, each payment must be processed individually. The result is a time consuming computation.

We believe that if the student were required to pay his own interest changes and permitted to pay any amount in excess of the required payment, he would be inclined to mature the loan at an earlier date. The time involved in processing these loans and the delay in receiving the interest allowance adds to the operating cost of the loan.

For example, the Government pays interest three months in arrears. Since the check for a three-month period isn't received until the fourth month, interest is actually four months in arrears.

We urge the passing of amendments which will make the operating procedures less cumbersome and student loans more rewarding at the lender's level. The benefits will accure to all.

ANN BELENCAK,
Assistant Vice President.

THE TEXARKANA NATIONAL BANK,
Texarkana, Tex., April 26, 1968.

Hon. WAYNE MORSE,
Chairman, Subcommittee on Education,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR MORSE: We would sincerely appreciate your support in effecting legislation raising the interest rate on Guaranteed Student Loans to a profitable level as well as limiting the availability to students who could not otherwise complete their education, without unnecessary hardships. At present, we have $75,855.00 outstanding in student loans, but must limit them to our presently established customers due to the high demand.

It seems evident that raising the interest rate or adding a reasonable handling fee would make these loans less attractive to individuals to whom they are not a necessity, as well as encouraging a more liberal policy by lending institutions.

We welcome your views on this subject.

Sincerely,

J. W. MCLECKIE,
Installment Loan Department.

UNITED STATES SAVINGS & LOAN LEAGUE,
Washington, D.C., May 14, 1968.

Hon. WAYNE MORSE,
Chairman, Subcommittee on Education, Committee on Labor and Public Welfare, 4226 New Senate Office Building, Washington, D.C.

DEAR SENATOR MORSE: The United States Savings and Loan League fully endorses the provision of S. 3098 that would empower federal savings and loan associations to make student loans for the payment of vocational education expenses. The League represents over 97% of the total savings and loan assets in the nation.

Since 1964, federally-chartered savings and loan associations have been authorized to make student loans to cover college and university expenses. Increasingly, savings and loan associations have been allocating some of their funds to making loans to college and university students. Many of these loans are guaranteed or insured by the Federal Government or the various State governments in conformity with the loan guaranty provisions of the Higher Education Act of 1965.

Though federal savings and loan associations have the authority to make loans to cover college or university education expenses under section 5(c) of the Home Owners' Loan Act of 1933, as amended, (12 U.S.C. § 1464(c)) there is no mention of student loans for vocational expense purposes. Many of the families which our members serve have students who attend or plan to attend so-called vocational, business and professional schools. These students deserve an opportunity to borrow from as many sources as possible, including federal savings and loan associations. Section 429 of your bill, S. 3098, would change 5(c) of the Home Owners' Loan Act to clearly authorize federal associations to make loans for vocational school expenses.

Under both the Higher Education Act of 1965 and the National Vocational Student Loan Insurance Act of 1965, savings and loan associations are eligible for loan guarantees. But until 5(c) of the Home Owners' Loan Act is amended to empower federally-chartered associations to make loans for vocational expenses, these over 2,000 associations cannot make use of the vocational student loan insurance provisions.

In supporting the enactment of section 429 of the Higher Education Amendments of 1968, we are assuming that the addition of the word "vocational" refers to business, professional and other vocational type schools not usually considered colleges or universities, but which nevertheless serve a very important function in our society. Should there be any question as to the meaning of the word "vocational," we suggest the following substitute for section 429:

"Subsection (c) of section 5 of the Home Owners' Loan Act of 1933, as amended, is further amended by striking out 'expenses for college or university education' and inserting in lieu thereof 'expenses of college, university, business, professional or vocational education.'"

In summary, we fully back the provision of the Higher Education Amendments of 1968 which would empower federally-chartered savings and loan associations to make vocational education loans. As an alternative, should there be any doubt as to the meaning of the word "vocational," we offer the above substitute to make it clear that loans for business and professional school expenses could also be made.

Sincerely,

STEPHEN SLIPHER, *Legislative Director.*

PUBLIC, PRIVATE, AND MISCELLANEOUS

INTERNATIONAL LADIES' GARMENT WORKERS' UNION,
New York, N.Y., April 17, 1968.

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

DEAR SENATOR MORSE: I understand that your Subcommittee on Higher Education is presently considering reporting out S. 3098 dealing with higher education.

On behalf of the International Ladies' Garment Workers' Union, I would like to urge that the bill include a section which would permit Unions, so desiring,

to invest funds in the loan program on the same basis that savings and loan institutions and credit unions may participate.

Our union has always been deeply concerned with making sure that all American children shall have the opportunity to secure the best education for which they are qualified. Many of these youngsters, particularly the children of working men and women, often find it difficult to go on to receive college educations because of the financial inability of their families to provide such opportunities.

I hope you will give our request your strongest consideration. I look forward to hearing from you that the bill will include the right of Unions to cooperate in this vast and important program.

My warm regards to you.

Respectfully yours,

LOUIS STULBERG, *President.*

NATIONAL CONFERENCE OF EXECUTIVES
OF HIGHER EDUCATION LOAN PLANS,
June 5, 1967.

Hon. WAYNE MORSE,
Education Subcommittee,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MORSE: Only elected officials and those who work closely with these officials are aware of the decisions which one must make in order to properly legislate the implementation and continued support of worthwhile programs. I know my letter of May 5 and the reply directed to you on May 24, 1967 by Mr. Albert L. Alford, Assistant Commissioner for Legislation, poses serious problems for you and the Congress.

The problem which you now face has been confronted by state loan directors and the Office of Education alike and revolves around the question of whether student loan funds will be supplied through state agencies acting as the guarantor or through a nationwide federal insurance loan program. I think that the failure of Congress to appropriate additional reserve funds will result in this chain of events:

1. Certain states, such as Pennsylvania, New York, Illinois, and New Jersey will provide sufficient reserve funds for the 1967–68 school year while other states such as North Dakota, Utah, Wyoming, Colorado, and possibly California will not provide sufficient funds and the direct federal insurance program will become operational.

2. In subsequent years those states which have provided the reserve funds and administrative costs will divert their monies to other services and the federal government will be required to implement the federal direct insurance program in all or most of the states. (Incidentally, once the federal program is implemented there is no provision within the law to require or provide steps for it to be withdrawn from a particular state.)

3. Federal costs will continue to rise as the United States Treasury is charged with all the defaults and as the Office of Education is required to implement this huge program in most of the states. The problem of dealing with some 25,000 lenders, thousands of institutions of higher learning, and millions of student accounts will require extensive administrative appropriations by the Congress.

It occurs to me that the two primary sources of funds for financial aid to students are the treasuries of the individual states and the United States Treasury. To allow a program to develop which will disregard the state source of funds is probably convenient momentarily, but certainly does not incorporate long range planning of any type. I think a review of the development in Pennsylvania is indicative of what one could expect in many states if the seeds are properly planted. From a guaranty fund of $475,000 which was established in 1963 under the student loan guaranty law, we now offer for 1967–68 the following:

1. Loan guaranty capacity more than sufficient to meet our needs.

2. An expressed willingness on the part of the legislative leadership to grant direct loans if required.

3. A scholarship program initiated January 25, 1966 which will have some 40,000 recipients receiving more than $31 million during the 1967–68 academic year.

4. The General Assembly providing in excess of $2 million to provide National Defense Loan Program matching for Pennsylvania colleges and Educational Opportunity Grant matching for Pennsylvania student recipients.

I am afraid, Senator Morse, that the problem is yours as to which way student aid will go. I for one, and I assure you I am joined by many educators, hope that your efforts will be to strengthen the state guaranty loan programs so that more flexibility is experienced in the area of securing adequate funds. I would simply refer your thoughts to the National Defense Student Loan Program and the problems incurred in federal funding during the last two years. Let's not have all our eggs in one basket five years hence. I think the balance of Commissioner Alford's letter revolved around the basic decision of which way the state and federal programs will go.

With kindest personal regards, I remain,

Sincerely yours,

KENNETH R. REEHER,
Chairman, NCEHELP and Executive Director, PHEAA.

NATIONAL CONFERENCE OF EXECUTIVES
OF HIGHER EDUCATION LOAN PLANS,
March 27, 1968.

HON. RALPH YARBOROUGH,
U.S. Senate,
Subcommittee on Education,
Washington, D.C.

DEAR SENATOR YARBOROUGH: During my testimony on March 13, 1968, concerning amendments to the Higher Education Act of 1965, you asked for my reaction to a proposal which would make the institutions of higher learning lenders with the federal government issue a certificate of insurance to the college so that these certificates could be sold in bulk to the commercial lenders. Accordingly, I would set forth the following:

1. The problem of financing the administrative work of the student guaranty loan program would not be resolved, but rather simply transferred from the lending institution to the educational institution.

2. Inasmuch as the average college student does not finance all of his costs through tuition and fees, it is natural for the institution to seek alumni gifts from its graduates once they are a bona fide wage earner. The collection of student loans following graduation negates all of the college's efforts in gift drives.

3. The financial aid officer or some designated official at the college would, in effect, be required to act as bond counsel in liquidating these student notes.

4. It would be difficult to project the repayment of the loans which had been purchased by the lender. The fact that students spread out their amortization of their loan would make it difficult for the college or federal government to repurchase the loan following graduation so that it might be put on a repayment schedule.

5. The question still prevails with the new prime interest rate as to whether or not lenders would be interested in a long term, low yield note of this type even if purchased in bulk.

6. In many cases the geographic location and economic condition of the locality in which some of our large universities are situated would make liquidation of the notes difficult for the colleges.

7. What provision would be made to provide the actual cash whenever a college was not able to refinance all or part of the federal certificates of insurance?

8. How would the college finance the work load involved if they found it necessary to deal with several lenders in order to refinance the federal certificates of insurance?

I think my overall opinion of the proposal is that it is not workable on a practical basis nor is it philosophically sound. If at all possible, students should borrow from existing lenders since so often their indebtedness needs to be consolidated following graduation. These students usually marry and must enter the credit world in order to maintain their required standard of living. I think the key to the whole program is improved earnings for the lenders. I have enclosed a copy of an opinion concerning interest rates rendered by counsel to the Pennsylvania agency. It clearly points up the competition for funds which the state

guaranty loan program encounters. Please feel free to contact me if there are any further questions.

With kindest personal regards, I remain,

Sincerely yours,

KENNETH R. REEHER,
Executive Director, PHEAA,
Chairman, National Conference of Executives of Higher Education Loan Programs.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
OFFICE OF EDUCATION,
Washington, D.C., May 24, 1967.

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

DEAR SENATOR MORSE: Thank you for your request for our comments on the recommendations of Mr. Kenneth Reeher, Chairman, National Conference of Executives of Higher Education Loan Plans, with respect to changes in the insured loan programs administered by the Office of Education. We are replying to his comments in sequential order.

1. The deferment of payment while a student is in the military is now permissible at the option of the State agency. However, during this period of deferment, the Federal Government pays only 3 percent of the interest charged the student if he is eligible for interest benefits on the unpaid principal balance. Proposed amendments will continue the agency's option to defer payments on the principal while the borrower is in the military, Peace Corps, VISTA, or in attendance full-time in an eligible institution. During this period of time, the proposed legislation will permit the Commissioner to pay 6 percent interest on behalf of the borrower. We do not believe it practical to make this provision retroactive to the passage of the amendments.

2. Direct loans made by the institution and those loans in which the institution provides the guarantee funds may be treated as matching financial aid under the Educational Opportunity Grant Program. This would include the National Defense Student Loan Program, the Nursing Student Loan Program, the Health Professions Student Loan Program, the College Reserve Program of United Student Aid Funds, Inc., and any State or private Guarantee Loan Program in which the institution provides the guarantee funds. If the institution performs primary administrative functions and exercises control over the determination of loan recipients, then a loan made under a State loan program may be used as matching, even through the state provides the loan funds. State loan programs of this category, however, must have prior approval, from the Washington office, on an individual basis before being acceptable as matching aid.

3. H.R. 6232 and S. 1126 state "(A) provides that the program will insure loans made to any individual student *in any academic year or its equivalent* (as determined under regulations of the Commissioner) of up to but not in excess of $1,500, . . ." (Page 18, lines 21–24). Mr. Reeher is probably confused by a later section which amends the maximum amounts of the Federal program for the Vocational Act and where they just changed the amount of $1,000 to $1,500. (Page 19, lines 9 and 10).

4. Thoughtful consideration has been given to the question of providing additional advance money to the States to help establish or strengthen their guaranteed loan program. In a number of States, the State governments are progressing quite satisfactorily to supply State money to the guarantee reserve funds and further Federal advances (seed money) are not necessary. In the other States, the State governments seem unwilling to act at all, and we believe that additional Federal advances probably would be ineffective to induce State action.

Mr. Reeher makes a final comment that it would cost the Federal Government substantially less to subsidize the interest, the lender's fees, and additional Federal advances than it would to implement the Federal Insured Loan Program. We cannot agree with his position. New Federal advances would entail added Federal expenditures (approximately $35–$50 million in FY 1968) while the alternative of implementing the Federal insured program, where needed,

would involve no additional Federal costs other than relatively minor administrative costs.

If the Office of Legislation can be of further assistance, please let us know.

Sincerely yours,

ALBERT L. ALFORD,
Assistant Commissioner for Legislation.

NATIONAL CONFERENCE OF EXECUTIVES
OF HIGHER EDUCATION LOAN PLANS,
April 28, 1967.

Hon. WAYNE MORSE,
Chairman, Subcommittee on Education,
Washington, D.C.

DEAR SENATOR MORSE: As Chairman of the National Conference of Executives of Higher Education Loan Plans, I am taking this opportunity to write to you as a member of the Senate Subcommittee on Education to solicit your support in seeing that amendments are drafted on the Higher Education Act of 1965 and the National Vocational Student Loan Insurance Act.

Those persons charged with the administration of both state and private non-profit guaranty loan programs are concerned that the following provisions be incorporated in the revisions now before the Congress:

1. The effective date for deferment because of military service under the amendments now before Congress is established at July 1, 1967, and does not provide for deferment for those student borrowers who have entered the military service since the effective date of the Higher Education Act of 1965 (November, 1965) and the National Vocational Student Loan Insurance Act (October, 1965). These student borrowers should not be penalized because of a defect in the original drafting of the legislation, nor should the lenders be compelled to determine whether or not the students who would otherwise be eligible for interest subsidy have entered the military service prior to or since July 1, 1967. It is extremely difficult to secure and maintain information on student borrowers who have entered the military service.

2. The Administration is placing more and more emphasis on the Guaranty Loan Program as opposed to the National Defense Student Loan Program. Yet the National Defense Student Loan Program and the Guaranty Loan Program operated under the federal Acts by the private non-profit organizations may be used for matching the Educational Opportunity grants, but the guaranty loan programs operated under the federal Acts by the state guaranty agencies may not be used for matching the Educational Opportunity grants. This compels the institution of higher learning to forego the matching provisions through a student loan or use of the National Defense Student Loan or the private non-profit loan program, both of which they must provide an institutional share. This is extremely difficult in the state-owned and state-related institutions of higher learning.

3. The amendments proposed do not clearly define whether the $1500 per year loan limit in the Vocational Act is for a calendar year or an academic year.

4. The emphasis of the Administration on the state and private non-profit guaranty loan programs is not compatible with its recommendation to fund the National Defense Student Loan and the Federal Direct Loan Program but to fail to propose funding in the form of "seed" money for the purpose of federal advances to strengthen the reserve funds of the state and private non-profit loan guaranty agencies.

Of course the basic problem in the Guaranty Loan Program is the reluctance of the lenders to direct large amounts of loan funds into state and private non-profit student loan guaranty agency programs. This is easily understood with an unbiased look at the volume of demands which have been placed on lenders and the restricted yield which may be received from this type of investment. Our organization strongly recommends that the federal government subsidize student loans to an extent in excess of the six percent interest subsidy. The most expensive functions are when the student loan is being negotiated and when the repayment schedule is established. The Administration has made recommendations that a fee be paid to the lender to defray these one-time

expenses. It is the recommendation of this organization that these fees be subsidized by the federal government.

It is apparent to all that the federal government can subsidize the interest, the lender fees, and increased federal advances for reserve purposes and still operate the state and private non-profit guaranty loan program for substantially less than either the National Defense Student Loan Program or the Direct Federal Loan Program under the Higher Education Act of 1965 or the National Vocational Student Loan Insurance Act.

Your efforts on behalf of our National Conference will be sincerely appreciated. I have taken the liberty to send this letter to other members of the Senate Subcommittee on Education so that the full Committee will be aware of the problems which have been encountered in this program during its first year of operation. We are of the opinion that the program is making a notable contribution and that it merits full endorsement of the Administration and support of the Congress.

With kindest personal regards, I remain,

Sincerely yours,

KENNETH R. REEHER,
Chairman, NCEHELP, and
Executive Director, PHEAA.
Dr. SHERMAN TINKLEMAN,
Member at Large,
Executive Committee, NASSP.
Mr. WILLIAM ANTHONY,
Secretary-Treasurer, NASSP.
Mr. WILLIAM NESTER,
Director,
New Jersey State Guaranty Loan Program.
Mr. RICHARD W. PETRIE,
Executive Director,
Louisiana Higher Education Assistance Commission.
Mr. LEE NOEL,
Director,
Illinois Guaranteed Loan Program.

Executive Secretary,
New York Higher Education Assistance Corp.

LAKELAND, FLA., *September 14, 1967.*

Re guaranteed college loans.

Hon. GEORGE SMATHERS,
U.S. Senator,
Washington, D.C.

DEAR SENATOR SMATHERSS We are very much discouraged by the reception we have received from banks in Florida when attempting to obtain a government backed college loan for our son who will be entering Georgia Tech for his Sophomore year very soon. We have contacted every bank in Lakeland and surrounding cities in an effort to get one of these loans to help with the expenses incurred with our son's education. We have been unable to get a bank to even take an application. They all contend that with the low interest paid on these loans and the amount of paper work involved it is a money losing proposition and none will even attempt to make one.

I feel that the program is grossly inadequate in some form because the people for whom it was designed are unable to get the loans. We are not poverty case, but on the other hand with the increase in living costs and decrease in income due to the merger of the ACL RR and Seaboard RR for whom I have been employed for 18 years, we find that we simply cannot afford to take the necessary $3,000.00 out of our budget and the money we had saved for this was used in just one year. I cannot feel that the overhead expenses of a staff and all of the other things that go along are justified if no loans are available.

We want to urge you to make a diligent effort to get some amended legislation in this matter. People in the income bracket we are in ($12,000 to $15,000) simply cannot take the necessary amount of money out of their regular income. yet they could help the students repay the loan after they have graduated and their other children are out of school.

Our son is not a straight "A" student, however, he is above normal intelligence and makes average grades at Tech which is quite a fete in itself, but he does not qualify for the academic scholarships you hear so much about and are supposed to be so plentiful. He is just an average American boy from an average American family, who because I choose to work cannot qualify for a National Defense Loan since our income is near the cut-off point and they say the money available goes to students whose parents income is less than $10,000 even if the cut-off is $15,000.

Any suggestions you might have as to where we might get some help to keep him in school will be greatly appreciated.

Sincerely yours,

JEAN KEENE
(Mrs. Ernest M.)

PROVIDENCE, R.I., *January 5, 1968.*

Hon. CLAIBORNE PELL,
U.S. Senate,
Washington, D.C.

SIR: Thank you for sending me a copy of Public Law 89-328, 89th Congress, H.R. 9567, November 8, 1965.

One of the aims of this bill, it seems to me, is to ease the strain of the cost of college education on middle-income class families. What is a middle-income family in today's market place? I suppose it depends on the point of view. Admittedly this point of view becomes colored by an individual's particular situation. One section of the law provides for interest free loans for students from families whose adjusted income is not in excess of $15,000.00 while the student is an undergraduate and under certain conditions a graduate student.

If it was the intent of the law to assist low and middle-income families, I think it fails to achieve its purpose for middle-income families, again depending on your definition.

Within the past several months, the Scholarship Advisory Board at Princeton, N.J., has revised its thinking on this very problem. They now realize that upper middle-income families have certain communal obligations and social standards to maintain because of the status of the jobs held by the heads of these families.

I don't believe families in the middle or upper middle income categories should be given outright scholarship aid; however, the burden today is so great that even if a family has only one child at a private institution of higher learning, consideration should be given to enable families in these brackets to stretch out the cost over a period beyond the four-year undergraduate course.

On Page 22 of this act, an adjusted income of $15,000 is set as a ceiling for eligibility under loans to reduce student interest costs. This is a most unrealistic figure. Tuition, board and room, clothes, books and incidentals at most private colleges will run at least $3500. Then deduct federal income, social security and other taxes, mortgage payments and other household maintenance costs, various insurance costs, food, clothing, modest vacation, medical care, charitable contributions and other communal and religious responsibilities. When you take all these into consideration, you don't need a very sharp pencil to see that your household is operating at a deficit.

You probably have available statistics to confirm what I have noted generally.

The adjusted family income should be raised to somewhere between $20,000 and $25,000 to permit families that are in this bind to spread out the ever-increasing cost of higher education.

I reiterate, I don't think these families want direct grants but merely the opportunity to obtain loans at reduced interest rates to enable them to amortize the cost over a longer period.

I shall appreciate your comments.

Respectfully yours,

MEYER SAVAL.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
OFFICE OF THE SECRETARY,
Washington, D.C., May 13, 1968.

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 answer to your inquiry as to our views on the appropriateness of an amendment to the pending Higher Education bill (S. 3098)

which would provide for a 100% (rather than 80%) Federal guaranty of losses sustained by a State or nonprofit private student loan insurance agency, where the loss is due to the death of a student borrower or his permanent and total disability.

We believe that such an amendment, by encouraging cancellation or forgiveness of a student loan in the event of a student's death or permanent and total disability, will be in line with both existing Congressional policy on student loans and with provisions (mentioned below) in this bill.

Section 205(b)(6) of the National Defense Education Act of 1958 requires that the liability of a student borrower under title II of that Act be cancelled upon the death of the borrower, or if he becomes permanently and totally disabled as determined in accordance with regulations of the Commissioner.

Again, § 430(c) of the Higher Education Act of 1965 provides that "Nothing in this section or in this part shall be construed * * * to require collection of the amount of any loan by the insurance beneficiary or by the Commissioner from the estate of a deceased borrower or from a borrower found by the insurance beneficiary to have become permanently and totally disabled."

Similarly, § 423 of S. 3098, which would add to title IV–B of the Higher Education Act provisions for an 80% Federal guaranty of losses incurred by State or nonprofit private insurance organizations on insured student loans, provides that "Nothing in this subsection"—i.e. the new subsection providing for Federal guaranties—"shall be construed * * * to require collection of the amount of any loan by the insurance beneficiary or its insurer from the estate of the deceased borrower or from a borrower found by the insurance beneficiary or its insurer to have become permanently and totally disabled." A like provision is contained in the guaranty provisions of H.R. 16729 as passed by the House, and that bill also provides, for that purpose, that "permanent and total disability shall be determined in accordance with regulations of the Commissioner."

It would seem equitable in the circumstances that the proposed Federal guaranty of State or nonprofit private insurance on student loans be 100%, rather than 80%, of the insurer's loss in such cases. Thus, if the State or nonprivate loan insurance program provides for student loan insurance at 80% of the lender's loss, the Federal guaranty, instead of being merely 80% of such 80%, will be 100% thereof or ⅘ of the loss sustained by the insured lender.

This would be achieved by amending S. 3098 as follows:

On page 57, line 14, strike out the period and insert, ", and 100 per centum of such amount with respect to such losses resulting from the death or permanent and total disability of the student borrower."

On page 59, line 7, strike out the period and insert "; and permanent and total disability shall be determined in accordance with regulations of the Commissioner."

If the Committee decides to act first on H.R. 16729 as passed by the House, the first of these amendments should be inserted at the corresponding place in § 6(b) of that bill. (I do not as yet have the page and line numbers for that bill as passed by the House but shall be glad to supply them.) The second amendment is already covered by the House bill.

Sincerely,

SAMUEL HALPERIN,
Deputy Assistant Secretary for Legislation.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
OFFICE OF EDUCATION,
Washington, D.C., April 5, 1968.

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

DEAR SENATOR MORSE: Thank you for your request of March 15 on behalf of Mr. Burton Badley, Hood River.

Mr. Badley's statement on lenders is correct, at least to a degree. This office has received a number of comments from lenders in general as to the 6 percent interest rate being less than a break-even rate. However, this certainly has not been a deterring factor to lender participation in Oregon. Our records show that 248 of the 265 potential commercial lenders in the State have signed participation agreements in the guaranteed loan program. This is a high percentage for any State. Since the inception of the State program in September 1967, the

Oregon State Scholarship Commission has guaranteed 2,522 loans totaling $1,973,002 for students attending higher educational institutions and 107 loans totaling $83,485 for vocational students.

Our records also show that the $2,400,000 guarantee capability which Mr. Badley mentions was provided by the State of Oregon and is being used to guarantee higher education loans, whereas the $160,000 guarantee capability provided by Federal seed money was earmarked for vocational education loans. These funds are not so fully encumbered as those for higher education. Of course, the Administration's proposed amendment to combine both the Higher Education and the National Vocational Student Loan Insurance Acts would eliminate any future problems in this area.

Needless to say, the letter sent by the Oregon State Scholarship Commission dated January 30, 1968, to All Lending and Educational Institutions, also caused concern in this office as is indicated by our letter of February 23, 1968, to the Commission, a copy of which is enclosed for your review.

A number of other State agencies are also imposing similar restrictions, within the limits of the Act, due to their lack of sufficient capability to guarantee loans to all students eligible under the Act. This is being done in an effort to maintain a State-based operation, until such time as the proposals now before the Congress for re-insurance of State guarantee deposits and additional seed money may have received favorable consideration.

If the Office of Legislation can be of further assistance, please let us know.

Sincerely yours,

ALBERT L. ALFORD,
Assistant Commissioner for Legislation.

Enclosure.

BUREAU OF HIGHER EDUCATION,
February 23, 1968.

MR. JEFF LEE,
Executive Director,
State of Oregon Scholarship Commission,
Eugene, Oreg.

DEAR MR. LEE: This office is very much concerned over the content of your memorandum dated January 30, 1968, which was sent by the Chairman of the State Scholarship Commission to all lending and educational institutions in the State of Oregon. As it is anticipated that the Commission does not grasp the full import of this policy statement, the purpose of this letter is to alert both you and the Commission to its implication in order that corrective measures can be considered.

Section 428(b)(1) sets forth the requirements which a State or private non-profit loan insurance program must meet in order for interest benefits to be paid on behalf of students borrowing under such a program. Among those requirements are that the program—

"(A) authorizes the insurance of not less than $1,000 . . . to any individual student in any academic year or its equivalent . . ."

"(B) that the benefits of the loan insurance program will not be denied any student because of his family income or lack of need if his adjusted family income . . . is less than $15,000 . . ."

These provisions mean, at the very least, that to participate in the Federal program of interest benefits, the guarantee agency must be willing to insure a loan of at least $1,000 and that the only factor which can be taken into consideration in determining the amount of the loan, where the adjusted family income is less than $15,000, is the student's educational costs for the year.

In the subject memorandum on the other hand, your Commission takes the position that other factors are to be considered, factors based on need and family income, irrespective of the amount of the "adjusted family income."

May we request therefore that you and your Commission review the policy statements set forth in your memorandum of January 30 for it would appear that if the policies set forth therein are not rescinded, the continued eligibility of future borrowers under your program for interest benefits would be placed in jeopardy.

If you have any questions with regard to this matter, do not hesitate to contact this office.

Sincerely yours,

DAVID C. BAYER,
Chief, Guarantee Agencies Section, Insuranced Loans Branch, Division of Student Financial Aid.

HOOD RIVER SKILLED TRADE SCHOOLS, INC.,
Hood River, Oreg., February 7, 1968.

Hon. WAYNE MORSE,
Senior Senator from Oregon,
Senate Office Building,
Washington, D.C.

DEAR WAYNE: A considerable number of your constituents are taking a beating because of the restrictions placed on the Guaranteed Vocational Student Loan, by our State Scholarship Committee. I'm sure they were pressured into this by the banks, because they frown upon loaning money at 6%.

I have 26 applications that were submitted by men who wanted and needed this training but could not work out the differential between the amount of money the bank would loan and what it takes for tuition.

Enclosed is a copy of a letter I just received from the State Scholarship Committee regarding the Guaranteed Student Loan.

We were told that there was $2,400,000.00 in the fund for private Vocational Schools. There are only seven of such schools that qualify as eligible institutions in this State, in accordance with the last published minutes of the Oregon State Educational Advisory Committee, so there should not be any shortages within this fund, because of the restrictions placed on loans to students—which indicates that this money was used for other purposes. At any rate, we are cut off short and several students have been cut out of the Program after they had made plans to attend. Two have already been in school for two weeks because the local bank had said they would approve the loans; without the loan they will be forced to drop out of school.

We have been anxiously waiting for the proposed legislative changes in the bill which Edith Green has proposed, which would offer a measure of relief, by providing more funds for the Vocational Education Program. The cut in tuition funds made by our Scholarship Commission has deprived many good men of attending school and upgrading the lives of themselves and families. Practically every skill or trade has a tuition tab of at least $1,000.00 for a course of technical training that will put a man on a skilled job. If the student can borrow enough money to pay his tuition he can perhaps pay his other expenses while he is in school, but without this amount he just can't make the grade. When we look at the Welding School, where Combination Welding and Blue Print Reading costs a tuition of $996.00 and is accomplished in thirteen weeks. The Scholarship will only loan $333.00, which leaves the student $663.00 short of his tuition plus the welding equipment each man needs which costs him $57.30 for a total difference of $720.00 that he has no way of getting. This short course (380 hours) costs more because of the material each man uses for practice averages about $300.00 to $350.00 for the course.

Also the Advanced Color Television course is only three months in length so a student can only borrow $333.00 on the $975.00 course, leaving most students flat because they cannot raise the additional $642.00 for tuition, and still take care of their living costs during this period of time.

The Electronics, Radio and Television course, 780 hours, is a six month concentrated course and for this they can borrow $666.00, of the $990.00 tuition, plus the $116.08 they need in tools and test equipment to take on their own job when they graduate so these students must find $324.00 plus the $116.08 or $440.08 to take this course.

The people that we are trying to help don't have this kind of money, nor a way to get it. We help many of them but do not have the operating funds available to carry all of those who ask us. Our prices are about ½ of other schools giving the same training.

We are successful in training and putting graduates on jobs, but it is a shame that we cannot help those who really want to improve themselves, but are unable to do so because the banks put on pressure to hold the loans down to where so many of them are just forced out of participation because they cannot raise the additional money that the banks will not give them, even though it is 100% guaranteed.

If they could get the $1,000.00 or the tuition costs for their training, they can usually figure a way to keep a roof over their heads and to keep eating while they are in school. The local wages here average about $1.25 per hour and it is not enough for the people to live on, to say nothing of having savings for school.

We greatly appreciate your interest and work on this side of our educational problems. I'm a firm believer that this is the way to help all concerned. After

graduation they start paying an average of $1,000.00 per year in income taxes, so Uncle Sugar will get big dividends for his confidence and financing Vocational Education.

We need some help in convincing the State Scholarship Committee that these men need the full $1,000.00 for each course and that Vocational Schools *are* different from colleges, and that the funds should not be broken down as they do for a nine months school.

Sincerely yours,

BURTON E. BADLEY,
Executive Manager.

Enclosure.

MEMORANDUM TO ALL LENDING EDUCATIONAL INSTITUTIONS, FROM E. B. LEMON, CHAIRMAN, OREGON STATE SCHOLARSHIP COMMISSION, EUGENE, OREG., RE STATE GUARANTEED STUDENT LOAN PROGRAM

The demand for student loans under the Oregon Guaranteed Student Loan Program, inaugurated at the beginning of the school year, has far exceeded the estimate of the State Scholarship Commission. In fact, only $400,000, of the biennial estimate of the $2,400,000, remains. At the rate of present activity, this $400,000 would last only five or six weeks.

In an attempt to allow the Commission to extend the program until July 1, 1968 several limiting steps must be taken. The importance of the July 1 date is in regard to the possible federal legislation that would increase the gurantee capacity of the State Scholarship Commission by four times. If the legislation passes, normal program operations will resume July 1. If legislation does not pass the Commission will request that the Governor of Oregon contact the Office of Education and ask that they implement a direct federal guarantee loan program. At any rate, the program will resume full operation July 1, whether it is administered by the State Scholarship Commission or the Federal Government.

To assist the Commission in meeting this emergency the cooperation of all educational and lending institutions concerned, is requested. The Commission in session January 29, 1968, directed:

1. As of 11:00 a.m. January 29, 1968 there is a moratorium on all loan activities which will extend until March 1, 1968. Educational and loaning institutions are advised to cease all initial loan activities until that date. Payout notes, cancellations, adjustments and other transactions will continue as normal.
2. Loans should be held to the lowest possible figure and no loan shall exceed $500.00.
3. Educational institutions will recommend only those loans they deem necessary to maintain the enrollment of the borrower.
4. Loans by the lending institutions shall not exceed the amount approved by the educational institution.
5. Lending institutions may have better information about the financial status of the borrower and his family than the educational institutions and is therefore free to reduce or refuse any requests.
6. It is understood that the extenuating circumstances may exist on very rare occasions. In such cases careful consideration will be given the application but such circumstances must be fully justified on the basis that the exception is necessary in order that the borrower remain enrolled.

The Commission feels that if the above policies are implemented, operations of the State Guaranteed Loan Program will be maintained until July 1, or such a date that it is indicated that federal legislation will not be enacted.

The Commission thanks you for your cooperation in this emergency.

(Whereupon, at 12:55 p.m., the subcommittee was recessed, to reconvene on Monday, March 25, 1968, at 9 a.m.)

EDUCATION LEGISLATION, 1968

MONDAY, MARCH 25, 1968

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

The subcommittee met, pursuant to recess, at 9:10 a.m., in room 4232, New Senate Office Building, Senator Wayne Morse (chairman of the subcommittee) presiding.

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

Also present: Senators Lee Metcalf, of Montana, and William Spong, of Virginia.

Committee staff present: John S. Forsythe, general counsel; Charles Lee, professional staff member; Richard D. Smith, associate counsel; and Roy H. Millenson, minority clerk.

Senator MORSE. The hearing will come to order.

The hearing before the Subcommittee on Education of the Senate Committee on Labor and Public Welfare on S. 1126 and S. 3098, measures to amend the Higher Education Act of 1965, the National Defense Education Act of 1958, the National Vocational Student Loan Insurance Act of 1965, the Higher Education Facilities Act of 1963, and related acts, is now open.

The Chair is pleased to welcome the witnesses who are presenting testimony this morning upon this legislation. I have directed that in the hearings record there be inserted the text of these bills and relevant materials which have been received concerning them. I further direct that any further materials which are received concerning them be inserted at the appropriate point in the hearing record.

I further direct that there be inserted into the record correspondence, memorandums, and other materials pertaining to these bills which have been received by the subcommittee from public sources.

Ordinarily, when the subcommittee takes testimony in the area of higher education legislation, we confine ourselves to testimony in that area. However, since the administration has not submitted legislation in the area of elementary and secondary education, other than vocational education amendments, and since there are a number of concerns in that area, these hearings will accept testimony on the whole broad area of education.

I might point out that since we will be considering the administration's proposed legislation in the area of vocational education, we will confine ourselves at this time to higher education and areas of special concern in elementary and secondary education.

EDUCATIONAL FUNDING

There is one aspect of the Federal role in education which covers a whole broad field that is of great concern to me, and that is the appropriations requests submitted in the President's budget in January. If my information is correct, substantive legislation now authorizes about $6.5 billion for fiscal year 1969 for education. In the budget message the appropriation request was $3,791,000,000. The comparison of those two figures in itself spells out my major concern, and, I am sure, the concern of my colleagues on the subcommittee, in the area of education.

More specifically, approximately $3.6 billion is authorized for elementary and secondary educational activities and $1.5 billion was requested; $629 million is authorized for school assistance in federally affected areas and $410 million was requested; $349 million is authorized for teacher education programs and $216 million was requested. These are but a few examples of the disparity between the amount Congress deemed to be necessary to support our programs in fiscal year 1969 and the amount the administration has requested.

Needless to say, this raises some serious questions in my mind as to the method of setting of priorities the administration is using in the allocation of resources of our Government. I understand that resources are allocated on the basis of program planning budget system, sometimes called PPBS.

As I understand this system, the Budget Bureau sets forth its goals and allocates resources among those goals on the basis of relative priority. If this kind of system is to be carried out, the Bureau of the Budget has to have adequate information based on need and goals for each of the agencies in the executive branch. Therefore, the Office of Education must have submitted a considerable amount of data, together with money requests, to the Bureau of the Budget.

I am therefore asking the Commissioner of Education to submit to this subcommittee the money requests of the Office of Education for each program and the supportive data that was submitted to back those requests up.

I realize the Bureau of the Budget has a valid function in coordinating the activities of the executive branch. The Congress also has responsibility and the Congress is not bound by the Bureau of the Budget. If we are to have the responsibility of allocating resources, we must have adequate data also. There is no reason the Bureau of the Budget should have access to any more data or differing data than that presented to the Congress.

May I say parenthetically that for some years this chairman has expressed, both in committee and on the floor of the Senate, his growing concern about the power that is being given more and more each year to the Bureau of the Budget. It begins to look as though the Bureau of the Budget is taking on legislative responsibility.

The people of the United States did not authorize the Bureau of the Budget to substitute itself for the Congress of the United States; and, as far as this chairman is concerned, in connection with this education bill, let me serve notice at the hearing this morning that I do not intend to let the Bureau of the Budget determine the educational policy of this Republic. Congress is going to determine it. If the President wants to veto it, let him veto it. If he decides to veto what we decide is necessary for the boys and girls and the college students of this country in the field of education, we will then deal with his veto.

For this Chairman is not going to accept the President's figures on education in the budget message. As far as I am concerned, I am going to make my recommendations as chairman of this committee on the basis of what the evidence given in these hearings shows we ought to be doing, in order to support the educational needs of this country.

I do not intend to stand by and let the President's $77 billion defense budget which will be $83 billion in the matter of a few weeks, and which will then go even higher, become a sacred cow.

I intend to see to it that we protect the domestic economy of this country first, because it happens to be the greatest security weapon we have. Neither do I intend to stand by and permit this administration, on the basis of its present budget figures, to go ahead spending billions of dollars abroad, while it is unwilling to meet the educational needs, as determined by the Congress, of the United States. I thought we might just as well make this perfectly clear at the beginning of these hearings as to what the position of the chairman of this committee is going to be.

I might point out that the budget requests that are sent here each year are only advisory. The Congress in the last analysis makes the final decisions.

If the PPBS system works the way that I am told it does, there must be some kind of measuring device down in the Bureau of the Budget where they measure the value of the life of one American boy against the lives of a number of Vietcong, the education of the boys and girls of this country against the present regime in South Vietnam, and the future of the lives of our boys and girls against national prestige. I call upon the Bureau of the Budget to supply it.

We could throw the blame for this budget on the Bureau of the Budget and excuse everybody involved in this hearing from the responsibility for these gross disparities between the need for support in education and the amount that is available. I, for one, am not going to shirk my responsibility and, to the greatest extent possible, I want to make sure that neither the Office of Education nor the Department of Health, Education, and Welfare shirk their responsibility.

It is for that reason that I am asking the Commissioner of Education to submit to this subcommittee a program-by-program analysis of funding authorized and the amount the Office of Education requested

of the Bureau of the Budget, and the reason for any difference, in each program administered by the Office of Education.

In this hearing, we are going to examine the issues that are raised in the light of all of the facts available. Most of all, we are going to be candid. When I read the education message, I noted that the President set forth "a new and sweeping national goal: that in America there must be no economic or racial barrier to higher education, that every qualified young person must have the education he wants and can absorb."

Then, when I saw the budget request for our student assistance programs, I was appalled at what I saw. There was no increase in the request for funds to support our program of educational opportunity grants, which means no new scholarships to be granted. There was no increase in funds for NDEA loans when $225 million is authorized for the present fiscal year. There was no increase in funds for work-study programs, when $200 million is authorized.

Overall, in higher education, there actually was a decrease in the requests. Last year, more than $1 billion was appropriated for higher education activities. The budget request is slightly more than $700 million. The major cuts were made in the area of assistance for the construction of college facilities. Sixty-eight million dollars were cut from our junior colleges, two hundred and sixty-seven million cut from undergraduate facilities, and $42 million was cut from graduate facilities.

If we are to meet that "new and sweeping national goal," of which the President speaks, of no barriers to a higher education, with that kind of budget request, it will take a miracle, and I have seen few miracles in the last few years.

We, for our part, should make sure that the promise of the education message is translated into statutory reality through appropriate congressional action on the budget estimates we receive. We must put the public purse where the public voice demands. We should not have a split legislative and fiscal personality. Let there be candor in the appropriations message supporting the legislative recommendations made. The two go hand in hand. They should not be as strangers each to the other. As it is now, the relationship between the aspirations of the one and the paucity of the other is such that any resemblance between the two is purely coincidental.

I take the President's message on education seriously. If we are to live up to the noble aims of that message, the Congress has to take matters into its own hands, regardless of what the Bureau of the Budget has put into the budget.

It is for that reason we are having full and open hearings over the full range of education. It is for that reason in exercise of our legislative oversight function we are going to look into one program specifically; that is, the program of assistance to schools which have been destroyed by disaster. We will want to know why that program has

not been implemented. Was it for budgetary reasons? If it was for budgetary reasons, I would like to see the measuring device used to determine that money being spent in foreign assistance is more important than rebuilding schools burned down in Arkansas, Texas, Pennsylvania, and Montana.

In connection with these hearings and the work the subcommittee will be doing in education during this session of the Congress, we are going to conduct, to the extent possible, a general oversight of the administration of education programs by the Office of Education. To do this, we are going to need considerable information and assistance from the Office of Education.

In conducting this study, I am asking the Commissioner of Education to supply to us the information we will need and to extend to us the full cooperation of the agency so that we may effectively exercise our oversight function.

S. 3098, one of the bills before us, proposes to extend title III and title V–A of NDEA, as well as title X of that act. These programs have now been functioning almost 10 years. In the last session, committee prints in the notes and working papers series were published for the use of the subcommittee. During this year, the subcommittee will conduct a further study into these programs, because we must consider the value of their further extension, as well as weighing some major amendments and budget actions which have been proposed by the administration concerning them. It is for this reason that I now am asking the Commissioner to submit to the subcommittee the State plan guides for these programs, a summary of each State plan which has been submitted to the Office of Education for the current fiscal year, as well as copies of 9 State plans representative of the geographical areas of the country.

The Commissioner will receive requests from time to time for further data from the subcommittee. We hope that the subcommittee will have sufficient information by the time we act on this legislation in order to assure us that we have not acted unwisely or precipitously in extending or modifying these programs.

We have with us today my colleagues, Senators Metcalf and Spong, and Senator Clark who will come, who have statements to make. I would like to have the Commissioner come forward to the witness table and be ready to answer any questions that my colleagues have with regard to the testimony they are going to present.

Before I present Senator Metcalf, I want the record to show that this subcommittee will always be deeply in his debt for the expert service that he has rendered to us over the past many years. Senator Metcalf served with distinction in the House of Representatives. While in the House, he was a coauthor of the Murray-Metcalf education bill, which I have always considered to be a pace-setting bill. In fact, I

consider the Murray-Metcalf bill, introduced by the then Senator from Montana, Jim Murray, and Representative Metcalf, of paramount importance, along with the famous Taft bill of 1947. I was one of the cosponsors of the Taft bill. It was a pace-setting bill in that it sought to break down the long-existing fallacious attitude on the part of many Americans who believe that you could not have Federal aid to education without Federal domination of education.

I think that Senator Taft in that bill, Senator Murray, and Senator Metcalf, of Montana, performed a great service of statesmanship in the field of education legislation by introducing those bills and making the great record they made in their support.

The Murray-Metcalf bill passed the House of Representatives. It failed in the Senate of the United States by a tie vote, the tie being broken then by the Vice President of the United States, Mr. Nixon, who voted against the Murray-Metcalf bill. That vote, in my judgment, set back the educational needs of the young men and women and boys and girls in this country for years.

I have called Senator Metcalf before this committee in executive session on various occasion to give us the benefit of his advice as we were marking up various education bills. That rarely happens in the Senate. Rarely is a Senator called by a subcommittee when he is not even a member of the full committee, to sit with the subcommittee to give them the benefit of his expertise in a field in which he is renowned.

It is true that Senator Metcalf was a member of the Senate Committee on Labor and Public Welfare some years ago and devoted himself, as a member of this committee, to our work in education legislation. It is a great privilege and satisfaction for me to have him back with us this morning in the position of an expert to testify before the committee today. I am sure that the Commissioner, who I know shares my high opinion of Senator Metcalf, will welcome any questions that Senator Metcalf may put to him, following whatever statement he wishes to make.

Senator, it is my privilege now to turn the hearing over to you as acting chairman for the time being, as you carry out whatever colloquy you wish to with the Department of Health, Education, and Welfare officials. I think you know of my very high regard for Commissioner Howe. Whatever differences may develop through these hearings in regard to figures or the facts, will in no way diminish the very high regard I have for the Commissioner. I know his obligation. He is in the executive branch of Government. He has to be on the team. But he has never failed, when a specific question has been put to him by this committee, to give us his honest judgment in regard to the question.

(The following material was subsequently supplied for the record.)

BUDGET ANALYSIS—PROGRAM FUNDING: FISCAL YEARS 1968 AND 1969, OFFICE OF EDUCATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

	Fiscal year 1968				
	Authorization	Appropriation	Estimated obligations	Estimated amount returned to Treasury	Balance carried forward
Bankhead-Jones Act (land-grant colleges)	$11,950,000	$11,950,000	$11,950,000		
Second Morrill Act (land-grant colleges, permanent appropriation)	2,550,000	2,550,000	2,550,000		
National Foundation on the Arts and the Humanities Act:					
Sec. 12: Acquisition of instructional equipment and minor remodeling	500,000	500,000	500,000		
Sec. 13: Teacher training institutes	500,000	500,000	500,000		
Total	1,000,000	1,000,000	1,000,000		
Elementary and Secondary Education Act:					
Title I:					
Educationally deprived children	1,902,136,223	1,191,000,000	[1] 1,191,000,000		
Local educational agencies	(1,804,963,018)	(1,139,461,733)	(1,100,287,599)		
Handicapped children	(24,746,993)	(11,465,299)	(24,746,993)		
Juvenile delinquents in institutions	(9,168,720)	(4,902,017)	(9,168,720)		
Dependent and neglected children in institutions	(1,113,455)	(561,395)	(1,113,455)		
Migratory children	(41,692,425)	(22,078,765)	(41,692,425)		
State administration	(20,451,612)	(12,530,791)	(13,999,808)		
Title II: Library resources	154,500,000	104,457,000	99,234,000	$5,223,000	
Title III: Supplementary educational centers and services	515,000,000	[2] 208,750,000	187,876,000	20,680,066	
Title V: Strengthening State departments of education: [3]					
Grants to States	55,250,000	25,287,500	25,287,500		
Grants for special projects	9,750,000	4,462,500	4,462,500		
Title VI: Handicapped:					
Preschool and school programs	154,500,000	15,000,000	14,250,000	750,000	
Regional resources centers	7,500,000				
Innovative programs	1,000,000				
Title VII: Bilingual education programs	15,000,000				
Title VIII:					
Dissemination of information	3,500,000				
Dropout prevention program					
Total	2,818,136,223	1,548,957,000	1,522,110,000	26,653,066	
Elementary and Secondary Act Amendments of 1967:					
Title IV: Program planning and evaluation	Indefinite				

See footnotes at end of table, p. 492.

BUDGET ANALYSIS—PROGRAM FUNDING: FISCAL YEARS 1968 AND 1969, OFFICE OF EDUCATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued

	Fiscal year 1968				
	Authorization	Appropriation	Estimated obligations	Estimated amount returned to Treasury	Balance carried forward
Higher Education Act:					
Title I: Community service and continuing education programs	50,000,000	10,000,000	10,000,000		
Title II: College library assistance and library training and research:					
Pt. A: College library resources	50,000,000	24,522,000	24,522,000		
Pt. B: Library training and research:					
Training	15,000,000	8,250,000	8,250,000		
Research		3,550,000	3,550,000		
Pt. C: Strengthening college and research library resources	7,770,000	5,478,000	5,478,000		
Title III: Strengthening developing institutions	55,000,000	30,000,000	30,000,000		
Title IV: Student assistance:					
Pt. A:					
Educational opportunity grants	[4]	140,600,000	133,027,101	[5] 1,800,000	$9,000,000
Contracts to encourage full utilization of educational talent	Indefinite	4,000,000	4,000,000		
Pt. B: Insured loans:					
Advances for reserve funds	[6]		7,284,654		
Interest payments	Indefinite	40,000,000	37,288,000		32,295,029
Federal insurance program	Indefinite		1,300,000		3,304,000
Pt. C: Work-study programs (title I-C, Economic Opportunity Act, as amended by title IV-C, HEA)[7]	200,000,000	139,900,000	134,300,000		5,600,000
Title V: Education Professions Development Act:					
Attracting qualified persons to the field of education					
Pt. B-1: Teacher Corps	33,000,000	13,500,000	13,500,000		
Pt. B-2: Attracting and qualifying teachers to meet critical teacher shortages					
Pt. C: Fellowships and graduate programs for teachers and related educational personnel	285,000,000	35,000,000	35,000,000		
Pt. D: Improving training opportunities for personnel serving in programs of education other than higher education	[8]	[8]	[8]		
Pt. E: Training programs for higher education personnel	[9]	[9]	[9]		
Title VI: Financial assistance for the improvement of undergraduate instruction:					
Pt. A:					
Equipment	10,000,000	1,500,000	1,500,000		
Television equipment	60,000,000	13,000,000	13,000,000		
Pt. B: Faculty development programs	5,000,000	2,500,000	2,500,000		
Total	840,770,000	471,800,000	464,499,755	1,800,000	50,199,029
Higher Education Facilities Act:					
Title I: Grants for construction of undergraduate academic facilities:					
Sec. 103: Public community colleges and technical institutes	167,440,000	100,000,000	67,000,000		33,000,000
Sec. 104: Other undergraduate facilities	560,560,000	300,000,000	207,452,112		100,000,000
Sec. 105: State administration and planning	7,000,000	7,000,000	7,000,000		

Title II: Grants for construction of graduate facilities	120,000,000	50,000,000	33,000,000	----------	17,576,994
Title III: Construction loans	400,000,000	[10] 100,000,000	150,000,000	----------	50,000,000
Payment of participation insufficiencies and administrative expenses (Participation Sales Act)	Indefinite	2,625,000	9,330,000	----------	----------
Title IV:					
Sec. 408:					
Construction in major disaster areas	[11] Indefinite	----------	----------	----------	----------
Technical services	Indefinite	2,744,000	2,744,000	----------	----------
Total	1,255,000,000	562,369,000	476,526,112	----------	200,576,994
National Defense Education Act:					
Title II: Student Loans:					
Federal capital contributions	225,000,000	190,000,000	184,000,000	6,000,000	----------
Loans to institutions	[12]	2,000,000	2,000,000	----------	----------
Teacher cancellations	Indefinite	1,400,000	1,400,000	----------	----------
Title III: Instructional assistance:					
Acquisition of equipment and minor remodeling	110,000,000	80,200,000	76,240,000	3,960,000	----------
State administration	[13] 10,000,000	2,000,000	2,000,000	----------	----------
Title IV: Graduate fellowships	Indefinite	86,600,000	86,600,000	----------	----------
Title V: Guidance, counseling, and testing:					
Grants to States	30,000,000	24,500,000	24,500,000	----------	----------
Institutes for counseling personnel	7,250,000	7,250,000	7,250,000	----------	----------
Title VI: Advanced training:					
Language and art centers	18,000,000	12,700,000	12,700,000	----------	----------
Research		3,000,000	3,000,000	----------	----------
Title VII: Educational media	5,000,000	4,400,000	4,400,000	----------	----------
Title X: State statistical services	2,800,000	[14]	[14]	----------	----------
Title XI: Institutes for advanced training	57,000,000	30,000,000	30,000,000	----------	----------
Total	465,050,000	444,050,000	434,090,000	9,960,000	----------
Cooperative Research Act as amended by title IV of the Elementary and Secondary Education Act:					
Educational laboratories and research and development centers:					
Operational assistance:					
Laboratories	Indefinite	34,600,000	34,600,000	----------	----------
Center					
Construction	[15]	----------	----------	----------	----------
Research:					
General education:					
General education	Indefinite	17,467,000	17,467,000	----------	----------
Evaluation studies	Indefinite	1,250,000	1,250,000	----------	----------
National achievement study	Indefinite	1,000,000	1,000,000	----------	----------
Demonstration and development	Indefinite	3,000,000	3,000,000	----------	----------
Educational media	[16]	[16]	[16]	[16]	[16]
Dissemination	Indefinite	2,400,000	2,400,000	----------	----------
Total	Indefinite	(59,717,000)	(59,717,000)	----------	----------

See footnotes at end of table, p. 492.

BUDGET ANALYSIS—PROGRAM FUNDING: FISCAL YEARS 1968 AND 1969, OFFICE OF EDUCATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued

	Fiscal year 1968				
	Authorization	Appropriation	Estimated obligations	Estimated amount returned to Treasury	Balance carried forward
Vocational Educational Act of 1963:					
Research and special projects	22,500,000	13,550,000	13,550,000		
Grants to States	202,500,000	199,309,000	198,225,000	1,084,000	
Work-study program (sec. 13)	35,000,000	(17)	10,000,000		
Residential schools (sec. 14)					
Total	260,000,000	212,859,000	221,775,000	1,084,000	
George-Barden and supplemental acts:					
George-Barden Act	49,686,000	49,686,000	49,685,823	177	
Supplemental acts	305,000	305,000	305,000		
Total	49,991,000	49,991,000	49,990,823	177	
National Vocational Student Loan Insurance Act: [18]					
Advances for reserve funds	(19)		1,577,329		
Interest payments	Indefinite	3,600,000	4,470,293		
Federal insurance program	Indefinite		4,000		342,000
Direct loans	1,000,000				
Total	1,000,000	3,600,000	6,051,622		342,000
Smith-Hughes Act (act of Feb. 23, 1917)	7,161,455	7,161,455	7,161,455		
Adult Education Act (title III of ESEA Amendments of 1966):					
Grants to States	60,000,000	32,200,000	30,590,000	1,610,000	
Special projects		6,550,000	6,550,000		
Teacher training		1,500,000	1,500,000		
Total	60,000,000	40,250,000	38,640,000	1,610,000	

Library Services and Construction Act:					
Title I: Grants for public libraries	45,000,000	35,000,000	35,000,000	----------	
Title II: Construction of public libraries	50,000,000	27,185,000	33,602,493	----------	9,000,000
Title III: Interlibrary cooperation	7,500,000	2,375,000	2,256,000	119,000	----------
Title IV-A: State institutional library services	7,500,000	2,120,000	2,014,000	106,000	----------
Title IV-B: Library services to the physically handicapped	4,000,000	1,320,000	1,254,000	66,000	----------
Total	114,000,000	68,000,000	74,126,493	291,000	9,000,000
Grants for teaching in the education of the handicapped (Public Law 85-926): Teacher education	34,000,000	24,500,000	24,500,000	----------	----------
Mental Retardation Facilities and Community Mental Health Center Construction Act of 1963 (Public Law 88-164): Research and development	12,000,000	11,100,000	11,100,000	----------	----------
Captioned Films Act (Public Law 85-905)	8,000,000	2,800,000	2,800,000	----------	----------
Civil Rights Act, title IV	Indefinite	(10,000,000)	(9,963,000)	(37,000)	----------
Institutes and grants:					
Institutes for school personnel	Indefinite	2,930,000	2,930,000	----------	----------
Grants to school boards	Indefinite	3,130,000	3,130,000	----------	----------
Technical assistance	Indefinite	2,440,000	2,440,000	----------	----------
Administration	Indefinite	1,500,000	1,463,000	37,000	----------
Financial assistance for local educational agencies in areas affected by Federal activities:					
Maintenance and operations (Public Law 81-874), total	(486,355,000)	(416,200)	(395,390,000)	(20,810)	----------
Payments to local educational agencies	459,355,000	389,200,000	368,390,000	20,810	----------
Payments to other Federal agencies	27,000,000	27,000,000	27,000,000	----------	----------
School construction in areas affected by Federal activities (Public Law 81-815):					
Assistance to local educational agencies	69,500,000	12,317,000	12,300,498	----------	----------
Assistance for school construction on Federal properties	10,500,000	10,000,000	11,852,000	----------	49,323,000
Disaster areas	Indefinite	----------	----------	----------	----------
Technical services	Indefinite	620,000	620,000	----------	----------
Total (Public Law 81-815)	[20] Indefinite	(22,937,000)	(24,772,498)	----------	(49,323,000)
Fulbright-Hayes Act (foreign language training and area studies)	Indefinite	3,000,000	3,000,000	----------	----------
Agricultural Trade Development and Assistance Act of 1954 (Public Law 83-480)	Indefinite	----------	(213,217)	----------	----------

See footnotes at end of table, p. 492.

BUDGET ANALYSIS—PROGRAM FUNDING: FISCAL YEARS 1968 AND 1969, OFFICE OF EDUCATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued

	Fiscal year 1969				
	Authorization	Request to Department	Request to Bureau of the Budget	Request to Congress	Estimated obligations
Bankhead-Jones Act (land-grant colleges)	$11,950,000	$11,950,000	$11,950,000	$11,950,000	$11,950,000
Second Morrill Act (land-grant colleges, permanent appropriation)	2,550,000	2,550,000	2,550,000	2,550,000	2,550,000
National Foundation on the Arts and the Humanities Act:					
Sec. 12: Acquisition of instructional equipment and minor remodeling	([21])	([21])	([21])	([21])	([21])
Sec 13: Teacher training institutes	([22])	([22])	([22])	([22])	([22])
Total					
Elementary and Secondary Education Act:					
Title I:					
Educationally deprived children	[23]2,000,637,050	1,450,000,000	1,450,000,000	1,200,000,000	1,200,000,000
Local educational agencies	(1,895,327,433)	(1,351,977,990)	(1,351,977,990)	(1,101,977,990)	(1,101,977,990)
Handicapped children	(25,984,523)	(25,984,523)	(25,984,523)	(25,984,523)	(25,984,523)
Juvenile delinquents in institutions	(10,657,412)	(10,657,412)	(10,657,412)	(10,657,412)	(10,657,412)
Dependent and neglected children in institutions	(1,323,967)	(1,323,967)	(1,323,967)	(1,323,967)	(1,323,967)
Migratory children	(45,989,052)	(45,989,052)	(45,989,052)	(45,989,052)	(45,989,052)
State administration	(21,354,663)	(14,060,056)	(14,067,056)	(14,067,056)	(14,067,056)
Title II: Library resources	167,375,000	105,000,000	105,000,000	46,000,000	46,000,000
Title III: Supplementary educational centers and services	527,875,000	319,000,000	280,000,000	189,163,000	189,163,000
Title V: Strengthening State departments of education: [3]					
Grants to States	76,000,000	36,812,500	33,250,000	33,250,000	33,250,000
Grants for special projects	4,000,000	1,937,500	1,750,000	1,750,000	1,750,000
Title VI: Handicapped:					
Preschool and school programs	167,375,000	62,900,000	50,000,000	32,000,000	32,000,000
Regional rsource centers	7,750,000	2,000,000	2,000,000	2,000,000	2,000,000
Innovative programs	3,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Title VII: Bilingual education programs	30,000,000			5,000,000	5,000,000
Title VIII:					
Dissemination of information	3,700,000	2,000,000	2,000,000	2,000,000	2,000,000
Dropout prevention program	30,000,000			30,000,000	30,000,000
Total	3,017,712,050	1,980,650,000	1,925,000,000	1,542,163,000	1,542,163,000
Elementary and Secondary Act Amendments of 1967:					
Title IV: Program planning and evaluation	Indefinite	17,500,000	20,000,000	14,000,000	14,000,000
Higher Education Act:					
Title I: Community service and continuing education programs	[24] Indefinite	21,000,000	21,000,000	10,000,000	10,000,000
Title II: College library assistance and library training and research:					
Pt. A: College library resources	[24] Indefinite	25,000,000	25,000,000	25,000,000	25,000,000
Pt. B: Library training and research:					
Training	[24] Indefinite	8,250,000	8,250,000	8,250,000	8,250,000
Research	[24] Indefinite	3,550,000	3,550,000	3,550,000	3,550,000

Pt. C: Strengthening college and research library resources	[24] Indefinite	7,770,000	7,770,000	5,500,000	5,500,000
Title III: Strengthening developing institutions	[24] Indefinite	40,800,000	40,000,000	35,000,000	35,000,000
Title IV: Student assistance:					
Pt. A:					
Educational opportunity grants	[25] Indefinite	198,000,000	198,000,000	140,600,000	149,600,000
Contracts to encourage full utilization of educational talent	[24] Indefinite	6,000,000	6,000,000	8,500,000	8,500,000
Pt. B: Insured loans:					
Advances for reserve funds	([6])	12,500,000	12,500,000	12,500,000	12,500,000
Interest payments	([26])	109,111,000	114,111,000	64,900,000	97,195,029
Federal insurance program	([26])	----------	----------	----------	[27] 1,948,000
Pt. C: Work-study programs (title I-C, Economic Opportunity Act, as amended by title IV-C, HEA)[7]	[24] Indefinite	164,200,000	164,200,000	139,900,000	145,500,000
Title V: Education Professions Development Act:					
Attracting qualified persons to the field of education	2,500,000	2,500,000	2,500,000	1,500,000	1,500,000
Pt. B-1: Teacher Corps	46,000,000	33,000,000	41,100,000	31,100,000	31,100,000
Pt. B-2: Attracting and qualifying teachers to meet critical teacher shortages	50,000,000	25,000,000	20,000,000	15,000,000	15,000,000
Pt. C: Fellowships and graduate programs for teachers and related educational personnel	205,000,000	65,815,000	49,500,000	43,500,000	43,500,000
Pt. D: Improving training opportunities for personnel serving in programs of education other than higher education	70,000,000	68,550,000	65,800,000	53,400,000	53,400,000
Pt. E: Training programs for higher education personnel	21,500,000	15,000,000	15,000,000	15,000,000	15,000,000
Title VI: Financial assistance for the improvement of undergraduate instruction:					
Pt. A:					
Equipment	[24] Indefinite	1,500,000	1,500,000	1,500,000	1,500,000
Television equipment	[24] Indefinite	13,000,000	13,000,000	13,000,000	13,000,000
Pt. B: Faculty development programs	([28])	([28])	([28])	([28])	([28])
Total	895,000,000	820,546,000	808,781,000	627,700,000	676,543,029
Higher Education Facilities Act:					
Title I: Grants for construction of undergraduate academic facilities:					
Sec. 103: Public community colleges and technical institutes	224,640,000	96,000,000	96,000,000	34,000,000	67,000,000
Sec. 104: Other undergraduate facilities	711,360,000	304,000,000	304,000,000	33,000,000	133,000,000
Sec. 105: State administration and planning	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
Title II: Grants for construction of graduate facilities	120,000,000	50,000,000	50,000,000	8,000,000	25,576,994
Title III: Construction loans	400,000,000	[10] 200,000,000	[10] 200,000,000	100,000,000	150,000,000
Payment of participation insufficiencies and administrative expenses (Participation Sales Act)	Indefinite	4,975,000	4,975,000	4,975,000	12,818,000
Title IV:					
Sec. 408:					
Construction in major disaster areas	[11] Indefinite	----------	----------	----------	----------
Technical services	Indefinite	5,000,000	4,044,000	3,557,000	3,557,000
Total	1,463,000,000	666,975,000	666,019,000	190,532,000	398,951,994

See footnotes at end of table, p. 492.

BUDGET ANALYSIS—PROGRAM FUNDING: FISCAL YEARS 1968 AND 1969, OFFICE OF EDUCATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued

	Fiscal year 1969				
	Authorization	Request to Department	Request to Bureau of the Budget	Request to Congress	Estimated obligations
National Defense Education Act:					
Title II: Student loans:					
Federal capital contributions	[29] Indefinite	[28] 55,000,000	[30] 55,000,000	190,000,000	190,000,000
Loans to institutions	([12])	[30] 1,000,000	[30] 1,000,000	2,000,000	2,000,000
Teacher cancellations	Indefinite	3,000,000	3,000,000	1,400,000	2,400,000
Title III: Instructional assistance:					
Acquisition of equipment and minor remodeling	[31] Indefinite	84,200,000	80,700,000	15,950,000	15,950,000
State administration	[31] Indefinite	7,000,000	2,000,000	2,000,000	2,000,000
Title IV: Graduate fellowships	([32])	106,600,000	100,000,000	86,600,000	86,000,000
Title V: Guidance, counseling, and testing:					
Grants to States	[31] Indefinite	24,500,000	24,500,000	22,000,000	22,000,000
Institutes for counseling personnel	([33])	([33])	([33])	([33])	([33])
Title VI: Advanced training:					
Language and area centers	[31] Indefinite	20,000,000	20,000,000	16,050,000	16,050,000
Research	[31] Indefinite	3,000,000	3,000,000	3,000,000	3,000,000
Title VII: Educational media	([34])	([34])	([34])	([34])	([34])
Title X: State statistical services	([14])	([14])	([14])	([14])	([14])
Title XI: Institutes for advanced training	([33])	([33])	([33])	([33])	([33])
Total		304,300,000	289,200,000	339,000,000	339,000,000
Cooperatvie Research Act as amended by title IV of the Elementary and Secondary Education Act:					
Educational laboratories and research and development centers:					
Operational assistance:					
Laboratories	Indefinite	48,800,000	37,190,000	48,000,000	48,000,000
Center		12,900,000	12,900,000		
Construction	([15])				
Research:					
General education:					
General education	Indefinite	19,600,000	19,600,000	19,600,000	19,600,000
Evaluation studies	Indefinite	2,500,000	6,000,000	6,000,000	6,000,000
National achievement study	Indefinite	2,000,000	2,000,000	2,000,000	2,000,000
Demonstration and development	Indefinite	31,000,000	23,850,000	25,850,000	25,850,000
Educational media	Indefinite	7,000,000	6,000,000	6,000,000	6,000,000
Dissemination	Indefinite	3,100,000	3,100,000	3,100,000	3,100,000
Total	Indefinite	(126,900,000)	(110,550,900)	(110,500,000)	(110,550,000)
Vocational Education Act of 1963:					
Research and special projects grants to States	22,500,000	19,700,000	15,700,000	15,700,000	15,700,000
Grants to states	202,500,000	216,850,000	202,500,000	199,309,000	199,309,000

Work-study program (sec. 13)	[17]				
Residential schools (sec. 14)	[17]	5,000,000			
Total	225,000,000	241,550,000	218,200,000	215,009,000	215,009,000
George-Barden and supplemental acts:					
George-Barden Act		49,686,000	49,686,000	49,686,000	49,686,000
Supplemental acts		305,000	305,000	305,000	305,000
Total		49,991,000	49,991,000	49,991,000	49,991,000
National Vocational Student Loan Insurance Act: [18]					
Advances for reserve funds					
Interest payments					
Federal insurance program					
Direct loans					
Total					
Smith-Hughes Act (act of Feb. 23, 1917)	7,161,455	7,161,455	7,161,455	7,161,455	7,161,455
Adult Education Act (title III of ESEA Amendments of 1966):					
Grants to States	70,000,000	40,000,000	40,000,000	40,000,000	40,000,000
Special projects		8,000,000	8,000,000	8,000,000	8,000,000
Teacher training		2,000,000	2,000,000	2,000,000	2,000,000
Total	70,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Library Services and Construction Act:					
Title I: Grants for public libraries	55,000,000	35,000,000	35,000,000	35,000,000	35,000,000
Title II: Construction of public libraries	60,000,000	27,185,000	27,185,000	9,185,000	18,185,000
Title III: Interlibrary cooperation	10,000,000	4,000,000	4,000,000	2,281,000	2,281,000
Title IV-A: State institutional library services	10,000,000	4,000,000	4,000,000	2,094,000	2,094,000
Title IV-B: Library services to the physically handicapped	5,000,000	3,000,000	3,000,000	1,334,000	1,334,000
Total	140,000,000	73,185,000	73,185,000	49,894,000	58,894,000
Grants for teaching in the education of the handicapped (Public Law 85-926): Teacher education	37,500,000	37,000,000	37,000,000	30,000,000	30,000,000
Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963 (Public Law 88-164): Research and development	14,000,000	14,000,000	14,000,000	13,900,000	13,900,000
Captioned Films Act (Public Law 85-905)	8,000,000	7,000,000	5,000,000	4,750,000	4,750,000
Civil Rights Act, title IV	Indefinite	(25,000,000)	(25,000,000)	(14,976,000)	(14,976,000)
Institutes and grants:					
Institutes for school personnel	Indefinite			2,700,000	2,700,000
Grants to school boards	Indefinite	23,100,000	23,000,000	5,900,000	5,900,000
Technical assistance	Indefinite			4,500,000	4,500,000
Administration	Indefinite	1,900,000	1,900,000	1,876,000	1,876,000

See footnotes at end of table, p. 492.

BUDGET ANALYSIS—PROGRAM FUNDING: FISCAL YEARS 1968 AND 1969, OFFICE OF EDUCATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE—Continued

	Fiscal year 1969				
	Authorization	Request to Department	Request to Bureau of the Budget	Request to Congress	Estimated obligations
Financial assistance for local educational agencies in areas affected by Federal activities:					
Maintenance and operations (Public Law 81–874), total	(550, 000, 000)	(450, 000, 000)	(450, 000, 000)	(395, 390, 000)	(395, 390, 000)
Payments to local educational agencies	520, 000, 000	420, 000, 000	420, 000, 000	365, 390, 000	395, 360, 000
Payments to other Federal agencies	30, 000, 000	30, 000, 000	30, 000, 000	30, 000, 000	30, 000, 000
School construction in areas affected by Federal activities (Public Law 81–815):					
Assistance to local educational agencies	69, 362, 000	12, 317, 000	12, 317, 000	32, 512, 000	32, 512, 000
Assistance for school construction on Federal properties	10, 000, 000	10, 000, 000	10, 000, 000	13, 334, 000	13, 334, 000
Disaster areas					
Technical services	Indefinite	1, 000, 000	620, 000	638, 000	638, 000
Total, Public Law 815	Indefinite	(23, 317, 000)	(22, 937, 000)	(46, 484, 000)	(46, 484, 000)
Fulbright-Hayes Act (foreign language training and area studies)	[35] Indefinite	3, 500, 000	3, 500, 000	3, 200, 000	3, 200, 000
Agricultural Trade Development and Assistance Act of 1954 (Public Law 83–480)	Indefinite	(7, 400, 000)	(4, 000, 000)	(4, 000, 000)	(4, 000, 000)

[1] Amounts for title I adjusted to reflect ESEA Amendments of 1967.
[2] Includes $194,000 proposed for transfer to salaries and expenses for increased pay and postal costs.
[3] Title IV of ESEA amends the Cooperative Research Act, and, therefore, the figures for title IV are listed as part of that Act.
[4] Contract costs plus $70,000,000 for new awards.
[5] Results from fiscal year 1967 program to combat inflation; since funds are available for 2 years, amount lapses at end of fiscal year 1968.
[6] Total of $17,500,000 authorized for fiscal years 1966 through 1968. Total authorization was appropriated in 1966 and 1967. Proposed legislation would authorize $12,500,000 in fiscal year 1969.
[7] Proposed legislation would transfer program authorization from Economic Opportunity Act to title IV–C of Higher Education Act.
[8] Included in 1968 under titles V–B and XI of National Defense Education Act, sec. 13 of National requested is not sufficient to pay entitlements to local educational agencies in full. (This is in accordance with sec. 208 as amended by Public Law 90–247.) If funds were sufficient to pay authorizations at the $2,000 low-income factor, the 1969 figure would be $2,775,959,699, and the figure for 1968 would be $2,563,067,584.
[24] Authorization expires June 30, 1968. Proposed legislation would provide an indefinite authorization for fiscal year 1969.
[25] Indefinite amount authorized for continuing awards only. Authorization for new awards expires June 30, 1968; proposed legislation would provide an indefinite authorization for new awards in fiscal year 1969.
[26] Indefinite amount authorized only for loans made on or prior to June 30, 1968; proposed legislation would provide indefinite authorization for new loans in fiscal year 1969.
[27] Includes vocational student insured loans which would be merged with college student insured loans in fiscal year 1969.

Foundation on the Arts and the Humanities Act, and sec. 4(c) of Vocational Education Act of 1963.

[9] Included in 1968 under title VI–B, Higher Education Act.

[10] Participation sales.

[11] Authorization expired June 30, 1967; proposed legislation would provide indefinite authorizations for fiscal years 1968 and 1969.

[12] Total of $25,000,000 authorized from fiscal year 1969 through duration of Act.

[13] Includes level of $8,000,000 for State supervision which is funded in 1968 and 1969 under title V, Elementary and Secondary Education Act.

[14] Authorized and funded under title V, Elementary and Secondary Education Act.

[15] $100,000,000 authorized over a 5-year period through fiscal year 1970.

[16] Authorized and funded under title VII of the National Defense Education Act.

[17] Authorization expires June 30, 1968. Funds for 1968 for the work-study were appropriated to the Neighborhood Youth Corps and transferred to OE.

[18] All accounts of the National Vocational Student Loan Insurance Act have been merged with the Higher Education Act student loan accounts.

[19] Total of $1,875,000 authorized for fiscal year 1966–68, all of which was appropriated in 1966 and 1967.

[20] Plus $80,000,000.

[21] Proposed legislation would subsume authorization under title III, National Defense Education Act.

[22] Program authorization subsumed under pt. D, Education Professions Development Act.

[23] The figure indicated as authorization is based on the $2,000 low-income factor since the amount

[28] Programs subsumed under pt. E, Education Professions Development Act, in 1969.

[29] Indefinite amount authorized for continuing students only. Authorization for new students expires June 30, 1968; proposed legislation would provide an indefinite authorization for new students in fiscal year 1969.

[30] Based on proposed Higher Education Amendments of 1967 which would have authorized participation sales to the private credit market, the proceeds of which would be used for loans to higher education institutions for capital for student loans. Request of $55,000,000, along with $150,000,000 in sales, assumed a total program level of $205,000,000. Amendments also would have eliminated authority for loans to institutions for matching requirements and, instead, authorize payments to institutions for certain costs incurred in making student loans from borrowed funds. The request included $1,000,000 for this purpose.

[31] Authorization expires June 30, 1968; proposed legislation would provide an indefinite authorization for 1969.

[32] Indefinite amount authorized for continuing awards only. Authorization for new awards expires June 30, 1968; proposed legislation would provide an indefinite authorization for 7,500 new awards for fiscal year 1969.

[33] Authorization under National Defense Education Act expires June 30, 1968. Authorization for 1969 under title V, pt D, of the Education Professions Development Act.

[34] Authorization under National Defense Education Act expires June 30, 1968. Authorization for 1969 is under the Cooperative Research Act as amended by title IV of the Elementary and Secondary Education Act of 1965.

[35] Plus $79,362,000.

Senator MORSE. I want this record to show that, critical as I have already been, and more critical as I undoubtedly will be, in regard to the administration's policy vis-a-vis the greatly reduced budget for educational needs in this country, that criticism will in no way reflect personally upon the Commissioner of Education, Mr. Howe.

Senator Metcalf, we will be very glad to hear you at this time.

STATEMENT OF HON. LEE METCALF, A U.S. SENATOR FROM THE STATE OF MONTANA

Senator METCALF. Mr. Chairman, with that introduction I am somewhat overawed. I want to remember, Mr. Chairman, that neither the Murray-Metcalf bill nor the Taft bill passed, and it was not until you became chairman of this subcommittee and started to exercise your own considerable influence that we did begin to get some rather monumental Federal aid to education.

Senator MORSE. I do not intend to interrupt the Senator except this once but I want to say that all he has outlined is what we have known as the legislative lag. It takes a good many years to get good ideas enacted into law. You and Senator Murray put those ideas down in bill form. We picked up the bill and continued to fight for it with your help, and we finally got the basic principles of the Murray-Metcalf bill passed. That happens to be the legislative history. It does not detract one iota from the credit that I have given you. It was your leadership and Senator Murray's leadership that sowed the seeds. All we did was cultivate the ground.

Senator MORSE. Nevertheless, if it had not been for your cultivation there would be millions of boys and girls who would not be going to college and getting fellowships today.

Senator YARBOROUGH. Mr. Chairman.

(Discussion off the record.)

Senator YARBOROUGH. I just wanted to insert for the record and remind our members and others that Senator Metcalf was a member of this committee before he was asked to move to a crucial spot on another committee where his great expertise on matters concerning the Western States was required. We miss him here now and we are glad to have him with us.

Senator METCALF. Of course, Mr. Chairman, I enjoyed my work on the committee. I have worked, as you say, ever since I came to Congress in the field of education. Before I get into my prepared statement, I want to say that we probably suffered a very grave defeat the other day in the conversations on gold, and we made obligations that we have to keep, I suppose, because we failed to do anything about our financial situation a little earlier. But as far as I am concerned, if we are going to have to cut the budget, the place to cut the budget is in Vietnam and not here on domestic problems.

As far as this Senator is concerned, ever since I have been in the Congress of the United States almost, we have had a Vietnam situation, and if for the next couple of decades we are still going to have Vietnam, we are not going to slow down education and resources programs and assistance to Indians and all these other policies.

There are some beautiful words that have come out of the President's office in the last few weeks: a fine statement on Indians, the

magnificent statement that the chairman mentioned on education, a wonderful statement on housing, and so on down the line, on welfare, health and all those things, but the chairman said that we must put the public purse where the public voice demands.

Well, out West in Montana (the Senator is from a little further west), in a little more frontier language, we say to the administration and we say to the Bureau of the Budget, put your money where your mouth is, and this administration has failed to do that.

I am today testifying, Mr. Chairman, about a very small part of how this administration has failed, and it is indicative of failure throughout the budgetary process in getting enough money to carry out the authorizations that this Congress has finally enacted.

Senator YARBOROUGH. Mr. Chairman, would the Senator yield to me for a question?

Senator METCALF. I would be delighted.

Senator YARBOROUGH. I think I heard you say that we will have other Vietnam problems in the next 20 years. I hope you are not predicting that there will be one military vigil after another like the one in Vietnam.

Senator METCALF. I am now starting my 17th year in Congress and most of the time I have been in Congress either in the House or the Senate, somebody has been coming over from the Department of Defense saying "Well, we have to do this in Vietnam," or "We have to do that in Vietnam. It will be over in a year or so," and it just goes on and on and escalates and escalates and accelerates and accelerates, and we have to abandon program after program. And this is one Senator that feels that we should call a halt.

Senator YARBOROUGH. Do you remember when they told you we just will have to have 50,000 men in Vietnam for 6 months?

Senator METCALF. I can remember that and I can remember when they told us we would just have to send some advisers over there.

Senator YARBOROUGH. I have no further questions, thank you.

PINPOINT DISASTER PROGRAM COMMENTS

Senator METCALF. Mr. Chairman, I very much appreciate your courtesy in giving me time this morning to make a statement on a matter of grave concern to me and to Senator Mansfield, who has asked to be associated with these remarks and he has read them. I have distributed for your convenience copies of letters I have exchanged with the Office of Education. I would appreciate it if these letters might be printed in full in the hearing record following my statement.

Senator MORSE. The request is granted. The letters will be printed following your statement.

Senator METCALF. There has been much discussion in recent years of the usurpation by the executive branch of the powers of the legislative branch. In this connection, the Joint Committee on the Organization of the Congress, on which I served, sought to insure that its intent is respected by those who administer the laws it has written by providing for additional means of oversight or review, as it has come to be called. In the committee's deliberations on the subject, that is, the Joint Committee on the Organization of Congress, there was unanimous agreement among the members that a careful scrutiny of how existing laws are administered in an essential ingredient in the

legislative process and so the Legislative Reorganization Act of 1967 which the Senate approved last year, provides for such additional review.

It is for the purpose of review that I am here today.

I believe that any new authorities proposed to be given the Commissioner of Education should be examined, not only on their merits, but against the background of his implementation of existing law.

Mr. Chairman, I believe that the Commissioner of Education has come to regard the Congress as an advisory committee whose express intent he may safely ignore or evade as his executive discretion moves him. I am here today in the hope of obtaining an assurance that this is not so and an acknowledgment from Dr. Howe that he is, as we had thought, a servant of the people of the United States who, through their elected representatives, empower him to implement programs designed for their benefit by their representatives.

Mr. Chairman, for some years we have had a program for replacement of schools destroyed or damaged as a result of disaster in areas sufficiently large to be declared disaster areas by the President at the request of a Governor. But there was no comparable program to repair or rebuild an individual school damaged or destroyed in a "pinpoint" or individual disaster. Following the destruction by fire of a high school in Wolf Point, Mont., last year, Senator Mansfield and I introduced two bills to provide equality and equity so that we can pinpoint the local disaster as well as the larger, regional disaster. Parenthetically, Mr. Chairman, it may be that that local pinpoint disaster is of greater disaster to the school and to the school system and to the educational system than the larger disaster. For example, where you have a new school such as they had at Wolf Point, Mont., all the bonding was exhausted, there was no opportunity to go in to get a new tax base, and the school was destroyed. It might be a greater disaster than a hurricane or a tornado or a flood washing down some school in the district where there is a bonding capacity. Therefore we introduced this pinpoint disaster bill.

In statements submitted to this committee in behalf of the bills, S. 1253 and S. 1374, to amend Public Law 815 and Public Law 874 respectively, we urged the approval of Congress of loans for construction of schools destroyed or damaged in isolated instances of "flood, drought, fire, hurricane" and grants for current expenditures as required to maintain school services pending replacement of the plant and equipment that had been lost.

Because insurance carried on most schools is a percentage of the value and seldom enough to replace the structure and because frequently the district is at or near statutory or constitutional bonded debt ceilings, a Federal advance, to be used in addition to the proceeds of insurance and money available from other State and local sources, was authorized by our bill, S. 1253, to assist in construction.

Of the second measure, S. 1374, Senator Mansfield said: "We propose grants where money is required for such things as rent on temporary facilities, equipment, and operational expenses which cannot be repaid from other sources. The two legislative proposals we have introduced are designed to meet the need and to provide additional guarantees so that our Nation's schools will be the best housed, equipped, and operated in the world, even in time of disaster."

Of our proposals, the Office of Education said: "This Division has over the past 15 years received numerous inquiries from the local educational agencies and Members of Congress and others about the possibility of aid being given to local educational agencies where a school plant has been damaged or destroyed by fire. As no assistance was available for these types of catastrophes, the Division did not maintain a record of the inquiries. It is estimated, however, that during any one school year the volume of such requests averages more than one per week. We also believe that these inquiries are only a representative sample of school districts across the Nation in which school facilities were destroyed as a result of individual disasters."

Our amendments were incorporated in the Elementary and Secondary Education Act Amendments of 1967 and passed the Congress without a dissenting vote; they were changed only to exclude assistance to schools destroyed by malicious action or negligence.

Since approval on January 2 of Public Law 90-247 incorporating these amendments, there have been at least four pinpoint disasters. The first on January 9 was a fire which destroyed a high school in Chester, Pa., with an enrollment of 5,000 students. On learning of this misfortune, I immediately, and with a pardonable pride of authorship, wrote to Dr. Howe, rejoicing that this school district might be assisted under the authority given by the Congress without a dissenting vote to the Office of Education. Since that time there have been three other fires, one of which destroyed an elementary school in Harlem, Mont.

Mr. Alford, replying to my letter to the Commissioner, was quick to disabuse me. He said: "* * * the Commissioner, does not plan to put the program into operation until July 1, 1968." And "* * * the Commissioner does not feel that it would be appropriate to implement the pinpoint disaster program during the current fiscal year * * *" Later, writing for himself, Dr. Howe added to this singular view of his obligation to the Congress with the phrase, "My decision not to implement the pinpoint disaster program * * *"

It is interesting to note here that the pinpoint disaster provisions had an effective date upon signature, rather than in 6 months, as is frequently the case. This in itself would indicate intent on the part of Congress that there should be no delay in their implementation.

Now, if Dr. Howe intends to persist in his interpretation of his authority—an interpretation that carries with it a derogation of the powers of the legislative branch to which I strenuously object—then I suggest that the Congress must scrutinize with utmost care the language of any new authority proposed to be given the Commissioner. If Dr. Howe continues to demonstrate a minimum capacity for prudent administration, then the Congress must spell out his duties so as to reduce the latitude that should only be given to the wise, and to assure itself that its intent will be honored through proper administration of the laws it has written.

In the next few minutes I am going to go into a rather technical lawyer-like discussion of the words "may" and "shall" to see just exactly what he has done with this legislation.

Dr. Howe relies on the word "may" as giving him the discretion not to implement the construction portion of the pinpoint disaster program because to do so would take funds away "from another well-

established program." Yet Dr. Howe is implementing the provisions for assistance in cases of major disasters and funds for this purpose are also taken from Public Law 815 authorization and the language is "may" for major as well as for minor disasters. Allocated to Kentucky prior to the end of last year is only $9,000 for such construction and I am informed that the Office of Education may receive an application from Port Isabel, Tex., to repair damage incurred as a result of Hurricane Beulah.

But definitive here is the fact that Dr. Howe implemented the major disaster provisions in behalf of a Kentucky school in fiscal 1968 and he is therefore obliged by law to implement the pinpoint disaster provisions. The law reads:

> In determining the order in which such applications shall be approved, the Commissioner shall consider the relative educational and financial needs of the local educational agencies which have submitted approvable applications.

Mr. Chairman, you in your preliminary remarks suggested that perhaps the machine that they use to determine those relative educational and financial needs should be brought up here so we could just see how it functions to determine the kind of various priorities that are involved.

Thus the Commissioner's distinction between pinpoint disasters and major disasters is unreasonable and arbitrary. The Commissioner is without authority, where the legislation has provided a basis upon which applications under this program may be distinguished, to add another basis upon which they must be distinguished.

I am further informed that since its inception there have been only about four Public Law 815 applications under major disaster construction assistance provisions, most of the funding for minor repairs having come from Public Law 874, current expenditures money. This does not suggest a run on the bank for Public Law 815 funds for disaster assistance.

Dr. Howe's information with respect to "inquiries" for funds for pinpoint disaster assistance is too imprecise to permit an intelligent estimate of annual cost. He states that since January 2 the Office of Education has received six "inquiries" from school districts, that the amounts requested in three of the cases "total more than $8.5 million." According to my information, the loan requested by Chester, Pa., was $8 million but, as this figure appears in an informal application that must be considered preliminary because it is not prepared according to other requirements of law (how could it have been since it was rejected out of hand by the Office of Education), it is premature to say, as Dr. Howe does, that "At this rate of occurrence of pinpoint disaster for such sums of money, it is apparent that the limited Public Law 815 funds would not last very long."

Dr. Howe cites further the budgetary restrictions on new construction that derive from Public Law 90–218, though the Appropriations Committee did not explicitly or implicitly restrict reconstruction of schools that had destroyed. If funds have been exhausted for all construction and if a need exists for reconstruction of destroyed schools that is not limited, it is surely apparent to the Chief Education Officer of the United States that he should request money in order to implement the authority given him by the Congress. Indeed, the law specifies that "the Commissioner may expend * * * such sums as may

be necessary for immediately providing assistance under this section such appropriations to be reimbursed from the appropriations authorized by this subsection when made."

If a course of action is thus not apparent to Dr. Howe, perhaps the Congress will find a means of making one apparent. The assertion that "the financial plan for the year also provided that there would be no supplemental request for appropriation for either Public Law 815 or Public Law 874" raises the question, whose financial plan for the year?

Now, with respect to current operating expenses, also provided under the pinpoint disaster amendments to Public Law 874, Dr. Howe repeats the sacred phrase, "The financial plan provided that there would be no suuplemental appropriation for this program." Whose financial plan? Not, as we have seen, the financial plan of the Senate.

In view of Senate action amending the urgent supplemental to provide all the money authorized under Public Law 874 and in light of the hoped-for House approval, Dr. Howe may wish to reconsider his decision. Prior to passage of this appropriation bill, however, Dr. Howe kissed off the conference report on the labor and health, education, and welfare appropriations bill with the following statement:

> It is the interpretation of this Office that the language in the Conference Report No. 831 on H.R. 10196 simply exempted the continuation and expansion of the disaster assistance authority including pinpoint disasters, from the rider in the appropriations bill which otherwise provided that none of the funds appropriated by that act would be used for amendments enacted after June 30, 1966. We do not interpret this language as making the implementation of the disaster program mandatory if the basic language of the Act does not make it mandatory.

The conference report states: "* * * and which will exempt the purposes of carrying out section 7 of the act (Public Law 874) of September 30, 1950, from the limitation imposed by the language proposed by the Senate."

Dr. Howe did not find that language binding on him to act. He has insisted that the word "may" in the authorizing language and the "extremely tight budgetary situation" give him the discretion to do nothing, to wipe out a portion of an on-going program, despite the clear intent of the Congress to the contrary. Now that the Senate has written another chapter in this legislative history, I shall be interested to learn how administration of Public Law 874 will be affected if the urgent supplemental passes as amended by the Senate. Perhaps Dr. Howe will comment on that.

Additionally, I would welcome his comments on his decision to disburse funds under Public Law 874 for major disasters and to eliminate pinpoint disasters, for the obligation referred to with respect to Public Law 815 disaster provisions obtained here: The Commissioner has no authority under the law to add another basis upon which applications shall be distinguished, the Congress having already provided the order.

Section 7(a)(B)(4)(d) of Public Law 874 as amended contains the same sentence:

> In determining the order in which such applications shall be approved, the Commissioner shall consider the relative educational and financial needs of the local educational agencies which have submitted approvable applications.

Here is a table from the Office of Education listing payments on major disasters between January 1 and December 31, 1967, under provi-

sions of Public Law 874 for current expenditures. The table is attached and I ask that it be included in the record.

If the Office of Education continues in this obstinacy, there are a number of remedies that might be considered.

The Congress might tap funds from, say, the cooperative research program or from the money required for the establishment and staffing of regional offices of the Office of Education, in order to insure a sensible priority; to insure that schools destroyed by fire will be replaced, according to law and the intent of Congress.

I do not think there is much question of the judgment by the citizens of our country on an order of priorities that puts educational facilities for children first and regional offices for a Federal bureau second.

Or, if Dr. Howe's recalcitrance continues, perhaps the appropriations bill might contain an amendment earmarking a specific sum for pinpoint disaster assistance. I have never been for specific amendments in appropriation bills, but sometimes they are required.

Or the word "must" might be substituted for the word "may" throughout. These are a few suggestions that come to mind.

Finally, of course, the possibility exists that Dr. Howe will tell us today that none of these courses is necessary or, failing that, how to write language that he will respect.

I respectfully suggest, however, that the question of Dr. Howe's intention should be resolved before the Congress writes new authority for him to implement or not to implement lest in our innocence we suppose that the language the Congress has been in the habit of using is adequate for Dr. Howe's purposes.

(The letters referred to follow:)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
OFFICE OF EDUCATION,
Washington, D.C., March 15, 1968.

Hon. LEE METCALF,
U.S. Senate, Washington, D.C.

Dear SENATOR METCALF: Thank you for your letter of February 24 concerning the pinpoint disaster program.

I want to assure you that my decision to defer implementation of the pinpoint disaster amendments to Public Laws 81–815 and 81–874 as enacted by Public Law 90–247 was made only after careful consideration of all the factors that affect this year's program operations.

It is the opinion of our Office of General Counsel that implementation of the disaster assistance program as authorized by Section 7 of P.L. 81–874 and Section 16 of P.L. 81–815 is discretionary because of the authorizing language in each Act. In both cases the law states that "the Commissioner may provide, etc."

The major disaster program has been implemented since its enactment in 1965; although it requires some reallocation of funds, we have not attempted to curtail it in any way. We expect to continue its implementation during the current fiscal year even though it will require the use of some of the funds that otherwise would be available for payment under the impact area program.

My decision not to implement the pinpoint disaster program was based on the discretionary authority mentioned above and not because of any limitation contained in P.L. 90–218. It was taken primarily because of a severe shortage of available funds for all educational programs. Under the financial plan developed according to P.L. 90–218, House-Senate Joint Resolution 888, only $24.1 million of the $76 million available for the construction of school facilities under P.L. 815 could be obligated for P.L. 815 construction projects during FY 1968. We had already reserved more than this amount for eligible school districts when this financial plan was announced in January, so it became necessary to defer further action on all projects in excess of those included in the $24.1 million. It was necessary to notify a number of school districts that had planned on this assistance that funding of their projects had been deferred, and we did not know

when funds would be made available. The financial plan for the year also provided that there would be no supplemental request for appropriation for either P.L. 815 or P.L. 874. Under these circumstances, it did not appear prudent to start this new program effective from January 2 to June 30, 1968, when we had no way of accurately estimating it financial requirements and when every project that we might approve would cause a reduction or cancellation of an already approved construction project under the federally impacted provisions of the Act.

A similar situation existed under the current operating expense part of the new authorization. The funds available under the other provisions of P.L. 874 were not sufficient to pay full entitlement. It was expected that they would be prorated at about 80 percent. The financial plan provided that there would be no supplemental appropriation for this program. Thus, any of the available funds used for the new pinpoint disaster program would reduce the amount available for payment to school districts under the other provisions of the Act.

Since the decision not to implement the pinpoint disaster provisions was based on the discretionary language in the Act and the extremely tight budgetary situation rather than on the specific language of P.L. 90–218, the difference between rebuilding and building was immaterial to the decision.

It is the interpretation of this Office that the language in the Conference Report No. 831 on H.R. 10196 simply exempted the continuation and expansion of the disaster assistance authority, including pinpoint disasters, from the rider in the Appropriation Bill which otherwise provided that none of the funds appropriated by that Act would be used for amendments enacted after June 30, 1966. We do not interpret this language as making the implementation of the disaster program mandatory if the basic language of the Act does not make it mandatory.

You specifically inquired as to what action we are taking in the major disasters that occurred last summer in Texas and Alaska. At the time these disasters occurred, we were unable to provide assistance because our authorization under the laws had expired and was not reinstated until the signing of P.L. 90–247 on January 2, 1968. Since that time we have been working with the Office of Emergency Planning on the Alaska disaster with the goal of providing necessary assistance to school districts which the Office of Emergency Planning has not provided or is unable to provide under the limitations of P.L. 81–875. With respect to the major disaster in Texas caused by Hurricane Beulah, we have received applications for grant assistance from 31 school districts. Of this number, we have approved grant payments to 6 districts totaling almost $434,000. The other applications are undergoing review in either our regional office in Dallas or in the central office in Washington. We expect to complete the processing of all applications within the next few days and to authorize payments to all school districts eligible for such payments. No applications have been received for loans.

On the basis of Dr. Estes' suggestion that the collection of data on losses of school facilities by fire and other disasters be studied, we have maintained a file of all such events that have come to our attention. We have not requested State and local districts to report pinpoint disasters to this Office.

In the 2-month period since the effective date of P.L. 90–247 (January 2, 1968) authorizing the pinpoint disaster program, we have received inquiries from six school districts which have suffered this type of disaster. The amounts requested in three of these cases total more than $8.5 million. The other three contained no estimate of cost of replacing destroyed school facilities. The city of Chester was among the three requesting a specific sum for assistance. Its request was for $8 million. We had not heard of the pinpoint disaster in Hooks, Texas, until we received your letter.

At this rate of occurrence of pinpoint disasters for such sums of money, it is apparent that the limited P.L. 815 funds would not last very long. Were we to undertake to finance these projects at this time, we would have to cancel eligible projects under the federally impacted provisions of P.L. 815 for which we have obligated funds.

I hope that the above explanation will give you a better picture of the situation and the reasons why I believed it advisable not to start a program for which funds would be available only if they were taken away from another well-established program.

If I can be of further assistance, please let me know.

Sincerely yours,

HAROLD HOWE II,
U.S. Commissioner of Education.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
OFFICE OF EDUCATION,
Washington, D.C., March 14, 1968.

HON. LEE METCALF,
U.S. Senate, Washington, D.C.

DEAR SENATOR METCALF: Thank you for your letter of February 28 to Commissioner Howe requesting information about aid provided by the Office of Education under the disaster provisions of Public Laws 81–815 and 81–874.

The enclosed listing shows by State the number of school districts receiving assistance and the amount of funds paid to date under each Act for all areas which have been declared major disaster areas between January 2 and October 30, 1967, under the Federal Disaster Act, P.L. 81-875. The amount of $917,705 paid to date under P.L. 874 represents about 90 percent of the total estimated payment of $1,024,000 for these applications. The remainder will be paid when actual costs of repair are reported to us.

Please note that we have paid on six applications from Texas on "Hurricane Beulah" which was declared a major disaster on September 28, 1967; however, we have received 25 additional applications which are being processed now for a determination of eligibility and amount of payment. All of the "Hurricane Beulah" applications were filed after the disaster provisions were extended by P.L. 90–247, dated January 2, 1968.

If the Office of Legislation can be of further assistance, please let us know.

Sincerely yours,

ALBERT L. ALFORD,
Assistant Commissioner for Legislation.

PAYMENTS ON DISASTERS DECLARED JAN. 1–DEC. 31, 1967

State	Date of declaration	Public Law 874		Public Law 815	
		Number	Amount	Number	Amount
California	Jan. 2, 1967	3	$14,978		None
West Virginia	Mar. 13, 1967	12	213,811		None
Trust territory	Mar. 21, 1967		None		None
Kentucky	Mar. 27, 1967	6	26,314	1	(1)
Illinois	Apr. 25, 1967	3	190,430		None
Nebraska	July 18, 1967	10	37,550		None
Kansas	do		None		None
Alaska	Aug. 17, 1967		None		None
Idaho	Aug. 30, 1967		None		None
Texas	Sept. 28, 1967	6	434,622		None
New York	Oct. 30, 1967		None		None
Total		40	917,705	1	(1)

[1] Funds in the amount of $8,846 have been tentatively reserved.

U.S. SENATE,
Washington, D.C., February 24, 1968.

DR. HAROLD HOWE II,
Commissioner, Office of Education,
Department of Health, Education and Welfare,
Washington, D.C. 20201

DEAR COMMISSIONER HOWE: I have noted with special attention Mr. Alford's response to my recent letter to you concerning the pinpoint disaster provisions of the Elementary and Secondary Education Act Amendments of 1967 and Mr. Alford's interpretation of how those provisions will be implemented. Mr. Alford says you do "not feel that it would be appropriate to implement the pinpoint disaster program during the current fiscal year . . ." citing Public Law 90–218 as the discretionary authority given the Commissioner of Education to defer "starting new construction projects."

Mr. Alford answers erroneously the question of construction loans and does not answer at all the question of implementing the provision of grants for current operations. The latter and the provision for construction loans constitute the two parts of the extension of the major disaster program written into law last year.

My reading of the law is different from yours. I hope that each of you will find it appropriate, prior to your further reply, and prior to the hearings sched-

uled before the Education Subcommittee of the Labor and Public Welfare Committee, to research more closely P. L. 90–218.

Mr. Alford has correctly quoted it but I think has not understood it. The reductions in obligations and expenditures refer specifically to "new construction." Had the Appropriations Committees intended the reductions to apply to "reconstruction" of an existing but destroyed school, they would have said so. The discretionary authority given the Commissioner of Education to reduce expenditures by "stretching out the time schedule of starting new projects" is not explicitly or implicitly a discretionary authority to do nothing about replacement of an existing structure that has been destroyed. If Mr. Alford has quoted you correctly, I can only urge you to re-read P.L. 90–218 and reflect on the presumptuousness that may be inferred from such an interpretation. I invite you further to reflect how such presumption is likely to be greeted by the Congress when the Office of Education requests new authority for some program or other. It is entirely possible that you will be asked if you intend to use the authority, if it is given you.

Now, with respect to the current operations grants authorized under P. L. 874 and extended in 1967 to include grants to school districts requesting them because of a pinpoint disaster, your research should also include a careful reading of the Conference Report (No. 831) on H.R. 10196, the Departments of Labor, and Health, Education and Welfare and Related Agencies Appropriation Bill, 1968. I invite your particular attention to page 6 of the Report, the second paragraph, which should be compared with Mr. Alford's assertion that you "do not plan to put the program into operation until July 1, 1968."

". . . and insert language proposed by the Senate with a technical amendment which will exempt the purposes of carrying out section 7 of the act of September 30, 1950 from the limitation imposed by the language proposed by the Senate.

Upon what ground do you rely for your discretion to defer in view of the plain admonition by the Appropriations Committee to continue? The Committee clearly excepted from application of P.L. 90–218 the disaster provisions of P.L. 874. My reading of the law tells me that you are specifically instructed by the Congress *not* to reduce expenditures for assistance in cases of disaster.

Further, permit me to demonstrate that the opinion of the Office of Education in this matter seems rather less than unanimous. In Bulletin No. 25 dated 31 January 1968, addressed to Applicants under P.L. 81–874, State Representatives for School Assistance and Field Program Officers OE–DSA, there is the following paragraph:

"P.L. 874 authorizes payments to local educational agencies for current expenditure purposes in cases of certain disasters. Because of the unpredictable program requirements for disasters, it is not possible at this time to predict the amount required for this purpose. Because of these circumstances a firm percent of proration cannot be established at this time. On the basis of information presently available it is estimated that the total requirements under the act will exceed his amount by $90 to $100 million. Requirements under section 6 are exempted from prorations."

I would be most grateful if you would explain these apparent anomalies in your administration of laws passed by the Congress. This is a matter of profound concern that I intend to bring up with my collegues on the Education Subcommittee for their discussion at the earliest practical date in conjunction with hearings.

In that connection, it might be useful to learn what steps the Office of Education has taken, is taking or is contemplating to alleviate the difficulties of the school districts in Texas and Alaska arising from the storms and floods of last summer. Will you please supply me at the earliest possible moment a summary of your construction loan activities and grants for current expenditures under the disaster provisions cited?

Additionally, please refer to Mr. Estes' letter of 25 May 1967 (copy enclosed) in response to my inquiry. Will you advise me what steps the Office of Education has taken, in line with Mr. Estes' suggestion, to maintain records of losses of school facilities from fire or other disasters? I shall appreciate receiving copies of any current tabulations. These should include estimates and other information on the losses sustained in Chester, Pennsylvania last month and in Hooks, Texas last week.

Very truly yours,

LEE METCALF,
U.S. Senator.

Enclosure.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
OFFICE OF EDUCATION,
Washington, D.C., February 4, 1968.

HON. LEE METCALF,
U.S. Senate,
Washington, D.C.

DEAR MR. METCALF: Thank you for your letter of February 6 to Commissioner Howe regarding "pinpoint" disaster assistance to rebuild school facilities and replace equipment and supplies lost in a fire at Chester, Pennsylvania on January 23, 1968.

Authority for construction assistance under the "pinpoint disaster" provisions is in the form of a repayable loan or advance of Federal funds but assistance for current operations is authorized on a grant basis. The Act also requires that the Governor of the State request the assistance and agree also to put up a reasonable amount of funds to rebuild or repair the damaged facility.

There is no separate appropriation for the program to replace a school building lost through a pinpoint disaster. Funds for this purpose are taken from the appropriation for Public Law 81–815 which provides assistance to erect school facilities in federally affected areas. As a result of the enactment of Public Law 90–218 on December 18, 1967, funds have been deferred for starting new school construction projects. No funds are available for this Fiscal Year for new reservations. Indeed, it is necessary to cancel some reservations which had been made prior to the adoption of the policy on deferring the start of new projects.

In view of the severe budgetary limitations, the Commissioner does not feel that it would be appropriate to implement the pinpoint disaster program during the current Fiscal Year at the expense of school districts already restricted under present budgetary allocations. While the decision has been difficult the Commissioner, under the discretionary authority of the legislation, does not plan to put the program into operation until July 1, 1968.

We are sorry that we are unable to make any commitment for assistance under these circumstances.

If the Office of Legislation can be of further assistance, please let us know.

Sincerely yours,

ALBERT L. ALFORD,
Assistant Commissioner for Legislation.

U. S. SENATE,
Washington, D.C., February 6, 1968.

HON. HAROLD HOWE II,
Commissioner of Education, Office of Education,
Department of Health, Education, and Welfare,
Washington, D.C.

DEAR COMMISSIONER HOWE: As you are aware, the 90th Congress enacted amendments to the Elementary and Secondary Education Act to provide for assistance to school districts which suffer loss of facilities through disastrous circumstances, including fire. The primary sponsors of this legislation are Senator Mansfield and myself. There was no dissenting vote in either body on this proposal.

A high school in Chester, Pennsylvania, was destroyed by fire on 23 January. The cost of replacement is approximately $8 million. Insurance will cover only about 20 per cent of this amount. The school, which accommodated 5,000 pupils, was in the process of being integrated and the loss is therefore a double blow. The "pinpoint disaster" amendment noted above was designed for exactly this situation and Senator Mansfield and I rejoice that the Congress has wisely acted so that you can aid the school district as directed by the Congress.

I will appreciate complete details on your progress in aiding the Chester, Pennsylvania school district, as this is the first case called to my attention since the amendment was enacted.

Very truly yours,

(Original signed by Lee Metcalf.)

Senator MORSE. Dr. Howe, it is the chairman's ruling that you may make whatever reply you wish and carry on whatever dialog with Senator Metcalf you may wish on the record this morning as part of our format of conducting these hearings always as seminars. Also let

the record show that you will have the opportunity granted to you to supplement anything that you decide to say this morning with a memorandum setting forth the position of the Department on the points raised by Senator Metcalf. He will upon receipt of such memorandum, which will be made a part of the record be invited to return and discuss the memorandum.

All the subcommittee wants to do is to get into this record, the respective positions in full and in detail, of the Senator from Montana and the Department. It is nothing new for us to have this type of loggerhead issue raised by this committee. We are all professional about those things. There is only one way to answer them as far as the committee is concerned: that is for us to answer them in executive session when we come to mark up the bill.

It is my duty as chairman to see to it that both sides of the controversy are given every opportunity to make a complete record with respect to each side's position on the issue. I want you to know that you will be given full opportunity to file a written memorandum. Senator Metcalf will be given full opporunity to answer it. It is the only way I can make the record here.

I am going to put in the record at the close of the part of the hearing this morning which deals with pinpoint disaster, all the correspondence that has been supplied to the chairman in respect to pinpoint disaster matters, by the Department of Health, Education, and Welfare.

May I have the attention of the counsel? Will you see to it that Senator Metcalf is supplied with copies of that correspondence?

Senator METCALF. Mr. Chairman, I am hopeful there won't be any controversy; I am hopeful that the responses in reply to the memorandum supplied by the Office of Education will sufficiently answer by questions.

Senator MORSE. May I say that it is always hopeful that the parties will get together before the Court has to render a decision. Of course, I am not to give up hope, but I have to make a record here on the assumption that the conflict is not going to be resolved between the parties and that it will have to be resolved with the committee.

Commissioner Howe, you may proceed. I am going to call on the Senator from Texas in a moment. When I have finished with the Senator from Texas, you may proceed on this matter in your own way. This is not part of the testimony that you have prepared on the bills before the committee. I think the best way to make our record on the pinpoint disaster matter, is to have Senator Metcalf lay out his case in chief and then to have you make any reply you wish to now followed by a written memorandum.

The Senator from Texas.

Senator YARBOROUGH. Mr. Chairman, while I agree with the position of the Senator from Montana, I want to point out that being on the conference committee, there was a sharp division of opinion there, and the conference committee is virtually unanimous in supplying and authorizing, funds for major disaster. But we had long debate over it. It consumed far more time than the amount of money would justify. I remember the disaster of Washburn University, a tornado at Washburn University in Kansas which virtually tore it up. This point was discussed at length in committee there and there were strong views that money wouldn't be pinpointed for school disasters. Some said they

would be burning down school buldings, so you will recall the limitation that was put in there that it was finally settled, compromised on the conference committee by prohibiting the payment of money for pinpoint disasters if the school building was burned down maliciously. But perhaps some of the views of the committee that didn't prevail spilled over to the Commissioner. I just wanted to state that by explanation; but it is authorized, it is in the law where the majority prevailed on the conference committee and put it in the law, on this pinpoint disaster. That is the reason for the delay on mandatory. People said some malicious people might burn down the school building to get a Federal grant for a new building. That was the reason for the limitation.

(Discussion off the record.)

STATEMENT OF HAROLD HOWE II, U.S. COMMISSIONER OF EDUCATION; ACCOMPANIED BY PETER P. MUIRHEAD, ASSOCIATE COMMISSIONER FOR HIGHER EDUCATION; GRANT VENN, ASSOCIATE COMMISSIONER FOR ADULT, VOCATIONAL, AND LIBRARY PROGRAMS; JAMES MOORE, DIRECTOR, DIVISION OF STUDENT FINANCIAL AID, BUREAU OF HIGHER EDUCATION; ALBERT L. ALFORD, ASSISTANT COMMISSIONER FOR LEGISLATION; AND SAMUEL HALPERIN, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION

Mr. HOWE. Mr. Chairman, thank you for your opening remarks and many thanks to Senator Metcalf for a very comprehensive and complete statement about these difficult problems. I don't think that we in our correspondence have generated such a complete statement as he has just given us. We will want to take advantage of the privilege you have given us to respond at great length about many complexities here.

Let me just make on or two observations on the points that have been raised. I am not competent to argue about the meaning of "may." I think it is true that the 1965 legislation did carry that same phrasing, and I guess I was probably the Commissioner who then implemented that, using the phrase "may" as the authority for doing so. I am batting 500 in that respect, having implemented that first legislation.

Of course, once it is implemented it ought to continue to be implemented. So that having started the major disaster program, we ought to keep it in being, even though it could conceivably make major financial difficulties in the situation we have today.

As we look at the authority we have to implement this pinpoint disaster program, it is primarily against a background of physical difficulties that we haven't moved rapidly to do this. This is no declaration by us that we have no intention of doing so ever. This is really a situation in which if we look at the practical possibilities we confront, we believe that implementation right now would result in our having to take moneys away from school districts that are already expecting and acting on building programs under 815, in order to transfer those funds because of the pinpoint disaster program.

We have a considerable backlog of requests under S. 815 for funds, and we have only about $24½ million, I believe, of funds in that program this year, all committed to school districts across the country.

It seems to us that the likelihood of favorable action on a supplemental appropriation, whether recommended by the Congress or the administration for this legislation, is at least in question. Therefore there is ground for prudence in immediately launching a program which was not approved, as you quite correctly stated, Senator Metcalf, until January 2.

My hope is that we can implement this program in fiscal year 1969, and I am working within the administration to bring that about. But as of right now, I don't think it is appropriate for us to act in expectation of the action of the House of Representatives reaction to the appropriations that have been suggested by the Senate.

You request that I comment on this. We will study this matter carefully and observe the progress of this appropriation suggestion in the House and in the conference that will no doubt ensue. But I find myself here in the difficult position of being personally inclined to want to do everything we possibly can for school districts that experience these diffculties that handicap youngsters, of being in the position of having in all likehood to withdraw funds from other school districts to make that possible, and of therefore confronting a rather complex situation.

We would like to keep you and your associates informed about our planning and action in this regard, Senator Metcalf. We have certainly the possibility of implementing the legislation in fiscal year 1969, and the open question, if we can do that, as to what effective date we ought to give it if implemented in fiscal year 1969.

SUPPLEMENTAL APPROPRIATIONS

Senator MORSE. May I interrupt here? We may get on with other matters and lose sight of this point. In your comment about breaking into other programs on which commitments have already been made, I understood you to say that if you followed our Senator Metcalf's proposals, if you implement pinpoint, then you have to cut back. If you implement pinpoint the disaster program, then you have to cut back on other programs with funds that are already committed under the 815 programs, funds for buildings across the country—those funds, the $24.5 million, which have already been committed; then you will be forced into a request for a supplemental.

My question is what is wrong with that? Isn't that exactly what you ought to do? If you need to rebuild schools, because, as Senator Metcalf has said the bonding power is all used up, in some cases you run into State constitutional problems; they don't have enough insurance. They have some but not enough to rebuild. They are asking for a loan anyway, not a grant, what is wrong with asking for a supplemental?

Mr. HOWE. I think there are two very real questions in regard to the supplemental situation, Senator Morse. One the overall administration position and fiscal planning. The other is the question of whether there will be, on a very practical basis, the same enthusiasm for additional appropriations by all Members of the Congress, as is being expressed here.

In the meantime, in implementing this program against those two open questions, we have to make real commitments of real money to school districts, money which has not yet been appropriated and against which there are already pressures from the large scale disaster program.

This is a difficult matter of judgment that has slowed us in taking definitive action on this program.

Senator MORSE. Commissioner, it seems to me that when Congress passed the pinpoint disaster program, it knew it couldn't fix an exact amount. It hadn't any way of knowing how much might be needed. It seems to me that the passage of the legislation itself was based upon a recognition by Congress that you are going to have to have a supplemental. They could not, in a disaster bill, ascertain the money that was to made available because there is no way to predict disasters. It seems to me that the whole theory of the bill was that we would pass the pinpoint disaster program, saying to you people in the Department of Health, Education, and Welfare that it shall be the policy of the Congress that these schools should be rebuilt, and appropriate the money later. The bill itself provides that the effective date was the day of the signing of the bill. The bill has been signed.

I get a little lost at your concern about a supplemental. We have to have supplementals to meet emergencies. We will always have to have supplementals to meet emergencies. The whole question goes back to the great problem that exists that the Senator and the chairman talked about at the beginning. What should be the priorities? To build a school down in Peru under a balloon that inflated the foreign aid program, or to provide bullets to people in Africa whose annual per capita income is less than $100 a year when we ought to be sending them bread if we send anything? They can't eat bullets. It only kills them.

Here is the question of priorities. I am not at all concerned that we may have to have a supplemental appropriation. We ought to have a supplemental appropriation to meet our domestic needs first, and cut drastically into foreign aid and the defense program. Out of our $77 billion defense budget, just $26 billion is Vietnam connected. You say anything about defense and then they talk about the boys in Vietnam. That is one of the great scarecrow arguments this administration is using. Well, I want to tell you who is letting down the boys in Vietnam, those who are appropriating the money to kill them.

The Senator from Oregon takes this position: you start denying the administration the money to conduct this war and you will start saving American boys' lives over there. The Founding Fathers authorized the Congress to control the purse strings.

I want to save lives. I am not going to vote for money to kill our boys. I am going to vote for money to bring them home, subject to a sensible withdrawal that will not leave a bloodbath behind.

Here we are again, you are talking about a pinpoint disaster program, and you are talking about Vietnam. Let the administration face up to that. Every time you come to the question of what you are going to do domestically by denying the American people what they have got to have to meet our crisis, you are talking about Vietnam. There is your problem. Until this administration is willing to face up to Vietnam I want to say that this conflict between the administration and the Con-

gress will continue. It is bound to continue. The American people are going to demand that it continue.

This administration is losing the American people by the millions, week by week, because people are all fed up with sacrificing the flower of our manhood in an unjustifiable war in Vietnam. I am sorry that I need to point it out, but it is pertinent. I do not intend to let the administration off the hook. The whole problem with regard to the President's budget is Vietnam. The administration has to change its policies in Vietnam or else it is going to have trouble, the like of which we haven't had in this country since the Civil War. It can be worse than the Civil War.

The American people are just being fed up with our killing their boys in Vietnam, under the industrial-military complex which is taking over the foreign policies of this republic. That is why we are going to have throughout these hearings, I think, not the most enjoyable time in our conflict with the administration's position on educational legislation.

I say this, because I think it goes to the heart of the matter, Mr. Commissioner. You know I speak respectfully and in a most friendly manner as far as you and I are concerned. But I am not going to buy any argument that you cannot do it, if your reason is that it might force the request for a supplemental. That is exactly what the administration should ask for, a supplemental.

Senator METCALF. May I make a comment, Mr. Chairman?

Senator MORSE. Certainly.

Senator METCALF. During the course of my earlier statement, I pointed out that inquiries had been made from the Office of Education and you told us that for 15 years you had such inquiries from Members of Congress and the local districts but hadn't kept any record of it.

PUBLIC LAW 874 ANALOG

I was fortunate enough to be a Member of Congress when we started Public Law 815 and Public Law 874, and as a member of the committee, I used to handle that bill on the floor of the House. And in those days we didn't have the information and the statistics on the need for those, and you always had to come back and ask for supplemental appropriations, because you did not have the information as to how much money it was going to cost.

And so it was contemplated by this committee, and it was contemplated by Congress, as a result of the fact that you told us that you didn't have any information as to how much it would cost, that perhaps you would have to come back and ask for supplemental appropriation.

As the Senator from Oregon says, those are the times when it is contemplated. After a program has been in operation for 15 years or so, you have some basis upon which to ask for a regular appropriation, but you haven't come in this year and asked for adequate budgetary finances to handle Public Law 815 and 874 in elementary and secondary education.

This is just an idle phrase to say "sometime we are going to implement." When? After the war in Vietnam is over? Ever since I have been in this Congress, people have been saying to me, "Don't you know there is a war on?" And if we are not going to do anything for domestic programs, for education and health until the war in

Vietnam is over, and we are going to pass authorizing legislation and no implementation, then this country is going to get itself into a sorry mess.

Senator MORSE. Go ahead. I am sorry but I wanted to make the comments about the supplemental. Go right ahead.

Mr. HOWE. Well, Senator, I haven't a great deal to add to what I said earlier. Again we are continuing to examine this problem, and to find our way through it. I call to your attention that again this legislation was authorized just at the beginning of January. It is complex legislation, and I hope we can find a way to bring it into being and to do it successfully. But we face some very real problems in doing that; we will continue to work on them, and we hope to bring you an answer that you would like to have. But I can't promise that at this time. This is the position that I have to take on the matter.

Senator MORSE. The record will show your position. It will also show that you are going to file a supplemental statement.

The Senator from Texas.

Senator YARBOROUGH. Mr. Chairman, I forgo further questions at this time. Senator Spong is a witness.

The Senator from Florida is on the witness list and then Commissioner Howe. In the interest of time, Mr. Chairman, I will forgo questions.

Senator METCALF. I want to make just a brief statement.

Senator MORSE. Take all the time you want.

Senator METCALF. Mr. Commissioner, I compliment you for implementing, to use your phrase, the Major Disaster Act.

I think a good deal of your administration down there has been most praiseworthy. I concur with the chairman of this committee and the other members of the committee. You have made significant contributions to education since you have become commissioner. I feel that too frequently we only come in on criticism, and let me also say that we have a realization that you are trapped in a fiscal situation that we deplore, but I would hope that you will continue to let those very fine instincts for educating the boys and girls of America overrule some of the fiscal limitations that are put on you, and you will come back and at least ask the Congress to help out a bit on some of these supplemental appropriations.

Senator MORSE. Let me ask one additional question, Mr. Commissioner. Am I correctly informed that some of your Public Law 815 funds have been impounded or frozen by the administration?

Mr. HOWE. I will have to check on this, Senator. We have had, as you are well aware, a cost-saving program. I will have to check as to whether in that actual appropriation there has been any dilution of the level of expenditure. I think this is what your question addressed itself to. We have had such a dilution in some of our 75 programs, but I am not sure about this one.

APPROPRIATED FUNDS WHICH HAVE BEEN FROZEN

Senator MORSE. You can supply that for the record, and add in a memorandum stating what the facts are in regard to any and all categories of education funds that have been impounded or frozen by the administration for this fiscal year. It is the chairman's understanding

that the Department of Health, Education, and Welfare, along with other of the departments of the executive branch of Government, were given instructions some time ago to make so-called savings which amounted, in fact, to impounding or freezing funds already made available by Congress. I think we need to know that, particularly in view of the very critical statements that the chairman made at the beginning of the hearing this morning. I made perfectly clear that the administration had lost me as far as supporting its budget requests for 1969.

I would add it has lost me as far as the foreign and defense budgets are concerned. Expenditures for defense are billions of dollars higher than in the history of the republic, higher than at the height of World War II, $26 billion of it earmarked for Vietnam, according to the present figures. I simply am not going to stand by and support this freezing of funds for educational needs, health needs, public works needs, poverty needs, and all the other crying out needs of our domestic economy, when the Congress has made perfectly clear what its voice was in regard to meeting these needs.

This, in my judgment, is exercise of Executive power on the part of the President of the United States never contemplated by the constitutional fathers. It was never contemplated that the President of the United States should exercise these freezing and impounding policies without the approval of the Congress. It should come back to the Congress and ask Congress to authorize the withholding of funds.

We still are not a government by Executive supremacy but are rapidly becoming one. If we don't stop it, be it through the power of the budget or the White House or the Department of Health, Education, and Welfare or any other department, we are going to lose our freedom.

For you cannot live under a society of government by Executive supremacy, and have government by law.

You have government by the arbitrary, discretionary caprice of mere men. A good many of the exercises of this "alleged" Executive power, in my judgment, violates the constitutional concepts themselves.

I want to have this record from the Department of Health, Education, and Welfare, what has been frozen and what has been impounded. I will seek it from some other departments too because it is all directly related to what we do about education. We will move on from there.

Mr. HOWE. Senator, if I could just respond briefly to that, I don't want to give the impression that we have been arbitrarily impounding funds. As I recall the sequence of events in connection with the appropriations bill at the end of the last session, the Congress did call upon the President to make certain savings. The exact stipulation as to where these savings were to be made was not spelled out by the Congress, so that it was necessary to exercise some discretion to where savings should be applied.

Certainly the overall policy was dictated by the Congress, and the administration responded to that directive.

Senator MORSE. I certainly want all that put forth in a memorandum.

You know me well enough to know that all I want is the facts. I do know there are many instances in which this administration has been impounding funds without any congressional authorization whatsoever on a purely arbitrary basis. It is going to be a great issue, may I say, in this country in the months immediately ahead. That is why I said earlier that we have got to take care of our domestic needs.

I am all for the citizen in Africa, but I am for the citizen in the slums of America first. I am all for school building, in Peru and Ecuador and elsewhere, but I am for school buildings in the United States first. I am for taking care of our domestic needs first. Let some of these alleged allies, such as Canada to the north and Great Britain and France and Italy, who are giving us no assistance in Vietnam as far as blood is concerned, step in and take over some of the economic programs abroad. Let us pay attention to our own schoolchildren and our own college students.

I think it is only fair for this chairman to make crystal clear to the administration at the beginning of the hearings this morning that I intend to fight them to the finish in this session of Congress in regard to the cutbacks on education. I do not intend to sacrifice the interests of the schoolchildren of this country and the college students of this country for a corrupt, tyrannical, shocking, military dictatorship which is killing American boys. I am going to take this message from coast to coast before this campaign is over.

Any further questions?

Senator METCALF. Mr. Chairman, I am very grateful for this opportunity to appear. May I be excused?

Senator MORSE. You are excused.

Senator Clark.

STATEMENT OF HON. JOSEPH S. CLARK, A U.S. SENATOR FROM THE STATE OF PENNSYLVANIA

Senator CLARK. Thank you very much, Mr. Chairman. I appreciate your courtesy. I think the record should note, not for the first time, the impossibility of attending all of one's Senate duties in the mornings. I have just come from the Foreign Relations Committee.

Senator MORSE. Where I should have been.

Senator CLARK. No; you should be here and I should be here. We have to be in both places. It is just no way to run a railroad. The legislation over there is very important. The Arms Control and Disarmament Agency, and a half a dozen very important bits of legislation. Yet this is important, too. I just make this chronic complaint for the record just once more in the hope that someday the Senate will do something about setting its house in order.

Mr. Commissioner, my heart bleeds for you because I know your problems and I am sure that my brief statement will not be taken by you to be a personal criticism, because I have nothing except the highest regard for the way you are conducting your office. I think you have been an absolutely magnificent executive in a situation where your task is almost impossible.

Mr. Chairman, I am here to express my support for the speedy implementation of the Pinpoint School Disaster Act.

This act has passed the Congress, but the administration has stated it will make no grants or loans during fiscal year 1968. Indeed, the administration has not even established the legal requirements for assistance.

CHESTER, PA., SCHOOL DISASTER

The act provides Federal aid and loans for schools that have been destroyed by major disasters. It requires that the school district and State must show reasonable effort toward meeting expenditures caused by the disaster.

The Chester, Pa., School District recently applied for Federal funds to rebuild its high school that was heavily damaged by fire. There is a possibility that the Chester school would not qualify for assistance because of suspected arson. At this time, several months after passage of the act, however, the administration has not yet completed its legal regulations for receiving assistance. Meanwhile, high school students in Chester, Pa., have been forced to attend split sessions in four junior high schools.

I urge the committee to do whatever is required to have the administration allocate funds for replacing vitally needed schools. The Congress specified that the act should be effective immediately upon passage and urged the administration to request a supplemental appropriation if it was necessary. I can see no excuse for further delay in implementing this act.

(Discussion off the record.)

Senator CLARK. I want to ask you whether I am not correct in that, while you personally have a great deal of sympathy with this, and will be only too happy to carry out the congressional intent, those harsh taskmasters of the Bureau of the Budget have said "No, you can't do it."

Mr. HOWE. Senator, this is a complex thing to bring into being, even if there were no fiscal problem. I am not sure that if we were operating in a more comfortable atmosphere fiscally we would have implemented it by this time, because of the complexities that are involved in bringing this legislation into being. It was only recently signed by the President. We have not only internal administrative complications in administering the program, but also a very genuine fiscal problem.

Senator CLARK. The kids have a very serious problem, too. Which comes first?

Mr. HOWE. It seems to me that you have to take into consideration the whole picture when you look into this. The fact is that we have commitments from Public Law 815 funds to school districts across the country which would have to be reduced—certainly delayed, and probably reduced—if we were to take immediate action on this. This makes for us a very difficult decision.

As I told Senator Metcalf, we are still examining what we may be able to do about this. We are hoping to bring it into operation in fiscal year 1969. We can't make a firm commitment to do that at this point. If we are able to do that, then as I said to him, we confront the question of whether it would become in some degree retroactive. We are working on these problems, and I am grateful for your expression of interest in this. We will try to do everything we can about it.

Senator CLARK. I hope you will, and I understand the problem because I used to be the head of a fairly large bureaucracy when I was the mayor of Philadelphia. The trouble is almost inevitably the Bureau can become insensitive. Now, those kids in Chester are probably going to grow up without an adequate high school education while the bureaucracy is arguing with the Bureau of the Budget about whether you can or can't fund it.

I know you can't spend money, the Bureau of the Budget won't let you spend, but you can certainly get tooled up administratively so the minute you got a nickel you will be able to spend it. I don't know how many of your assistants have been up there taking a look at Chester, but this is a problem, you know, of compassion as well as efficiency. When children are not permitted to have the education they are entitled to, then some of us in Congress tend to get a little mad.

I say again I am not blaming you for this, but I do hope that you will get your regulations and your administration attuned so the minute you get the money to do it, you won't have to say, "We are going to put this off until 1970 and 1971 because we just didn't get around to tooling ourselves up to handling the problem of administration." Have you had anybody up in Chester?

Mr. HOWE. I am not certain, Senator. I will check on that.

Senator CLARK. I think it would be nice if you sent somebody up there, I must say, and have whoever goes take a look at the education those kids are not getting. This is important.

Thank you, Mr. Chairman.

Senator MORSE. Thank you.

(Material subsequently supplied for the record follows:)

SCHOOL DISTRICT OF THE CITY OF CHESTER,
Chester, Pa., February 19, 1968.

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

DEAR SENATOR MORSE: We hope that you as Chairman of the Senate Sub-Committee on Education will do everything you can to help Chester which is suffering at present as a result of the loss of its only high school by fire on January 9, 1968. Not only are 5,000 junior and senior high school students now on half sessions, but we have lost the only school building where integration was approved by the Pennsylvania Human Relations Committee. Our programs of study are limited and our secondary school students are of necessity on their own—some on the streets—for a full half-day.

How long this unfortunate condition will exist in our School District will depend on how soon we can obtain financial aid to build a high school.

The enclosed materials will give you more details about our disaster and efforts we have made to date to obtain relief.

You might be interested to know that we have heard from Senator Scott and Senator Clark of Pennsylvania who had been informed of Chester's plight by Miss Gereau, Secretary in the office of Dr. John Lumley, Executive Secretary of the National Education Association.

Sincerely yours,

JOSEPH M. JOSEPH,
Director, Federal Aid Projects.

Enclosure.

SCHOOL DISTRICT OF THE CITY OF CHESTER,
Chester, Pa., January 23, 1968.

Mr. VICTOR E. CELIO,
Coordinator of Federal Projects,
Department of Public Instruction,
Harrisburg, Pa.

DEAR MR. CELIO: Last week you were kind enough to talk to Dr. Vaul and me about the possibility of obtaining funds under the amended act for impact areas.

I tried to complete the necessary information that I felt you would want in time to have it in your hands on Monday, January 22, 1968. I just could not do it.

The accompanying material is the first draft of the proposed application, and, of course, the formal application will be much more in detail.

I trust this is what you want in order to get started to help us.

Sincerely yours,

JOSEPH M. JOSEPH,
Director, Federal Aid Projects.

APPLICATION FOR PINPOINT DISASTER AID, SUBMITTED BY THE SCHOOL DISTRICT OF THE CITY OF CHESTER, CHESTER, PA., DR. JOHN J. VAUL, SUPERINTENDENT

I. INTRODUCTION

Just before a sub-freezing dawn on Tuesday, January 9, 1968, fire flared through the classic, stone Senior High School in Chester, Pennsylvania.

This fire completely destroyed the front half section of the building, burning out the wooden inner structure and leaving the gutted gray stone walls bald, desolate and desecrated. The frozen water, nozzled in frigid temperatures on the flames by the stalwart firemen, sculptured a community nightmare. (See photographs.)*

The impact upon the community of the school's students, teachers, parents and alumni may be compared to the effect of the bombing raids upon the people of England and on the European continent during World War II. The walls of the revered landmark are a vertical ruin of charred stone with open gaps of glassless windows.

Chester is in a state of sadness, depression and shock and would qualify, we believe, both physically and psychologically, as a Pin-point Disaster affected school district.

II. FUNDAMENTAL FACTS CONCERNING LOSS OF CHESTER HIGH SCHOOL BY FIRE

A. Impact on building

Chester has been offering a comprehensive senior high school program, which has been housed in two adjacent buildings: one a vocational building, and the other, situated about a half city block away, a general academic building.

The academic building is composed of two units: the front section (which is the building destroyed by fire of January 9, 1968) was built in 1902; the rear section, built in 1912, is joined to the front section with a connecting structure, forming an H-shaped school building.

The older, fire destroyed section appears beyond repair or renewal, judging from first view inspection. (See photographs.)

The newer, rear section may be repaired and refurbished. However, first estimates indicate that this part, also, may not be serviceable by September 1968. More conservative opinions state that this part may take even longer to bring up to minimum standards of program implementation and safety for students.

The middle section (the bar of the H-shape) which housed the auitorium and guidance counselors offices is beyond repair. (See photographs.)

B. Impact on students

While PMC Colleges and several other local agencies offered their facilities to accommodate the 2200 senior high school students on an emergency basis, Superintendent of Schools, Dr. John J. Vaul, and the Administrative Staff re-

*May be found in the files of the subcommittee.

solved the problem by using the facilities of the four junior high schools, and by placing both divisions on equal part-time sessions.

Dr. David H. Kurtzman, Superintendent of Public Instruction of the Commonwealth of Pennsylvania, and Dr. B. Anton Hess, State Commissioner for Basic Education, granted Dr. Vaul permission to follow this plan of action which included a reduced time schedule for classes.

An analysis of the program which went into effect on Monday morning, January 16, 1968, is as follows:

Senior High School Schedule

(7:30 a.m. to 12:05 p.m.)

Meeting in the junior high schools according to program:
Showalter—College preparatory classes.
Douglass—Practical arts & homemaking classes.
Smedley—Commercial, 11th & 12th grades.
Pulaski—Commercial 10th grade, and Special Education.

The junior high school schedule is from 12:30 to 5:00 p.m. with a population of approximately 2800 students in grades 7, 8 and 9.

The total secondary school population receiving a reduced educational program, therefore, is about 5,000 students. This represents about 44% of our public school enrollment of 11,460 students.

C. Impact on integration

Integration in the schools of the City of Chester has been a matter of great concern since *de facto* segregation in some of its schools was attacked in 1964. On investigation by the Human Relations Commission of the Commonwealth, the School Board was told to eliminate this *de facto* situation; this is being done. It is important to this application, however, to note that the Chester Senior High School was the one building to which the Human Relations Commission had given its stamp of approval for its program of integration of white and Negro students. This organization was possible because Chester had only one senior high school which all public high school students in the city attended.

At the present time, not by intent, but by necessary curriculum assignment, senior high school students lack the unification and integration of attending school in a single building.

An early facet of desegregation of our School District was the in-service training of teachers and administrators for Intergroup Education. This institute began in the summer of 1966 and continued in the ensuing school year to June 1967. It was administrated in collaboration with PMC Colleges of Chester, Pennsylvania. Approximately one-third of Chester's teachers, principals and administrators attended. This in-service institute was funded under Title IV of the Civil Rights Act. We include these items to indicate that the HEW in Washington has much background on the situation in Chester. It is our belief that our application for Pin-point Disaster funds should be viewed with favor because much of the preliminary eligibility factors have already been met.

D. Impact on achievement

The reduced program, necessitated through split sessions in several buildings, is not obviously as strong as one which is housed in a single building. The realization of the possibility of a lesser program, meaning lesser learning, has been the topic of discussion, not only among parents, but also among senior high school students. Some students have expressed concern about their being able to acquire the necessary academic credits to apply for college entrance; others are anxious about completing their full program of commercial training in order to have a salable skill by June 1968, or in the case of 10th and 11th grades, by June 1969 and 1970, respectively.

The language laboratory facilities in each junior high school will provide each student in modern foreign languages with adequate facilities. However, the reduced class time utilized will affect their maximum time in linguistic exercise.

In the junior high schools, the Commercial Department of the High School will not be able to offer its students the usual full range of instruction in the use of modern business machines and equipment.

At the present time, with the rear section of the building not being available for service, the Science Department's offering is curtailed. The sophisticated PSSC physics courses, the modern chemistry study program, and the advanced molecular biology program cannot be taught with the elementary equipment available in the junior high school laboratories. The Science Department's offering will have an effect on the College Entrance Board scores as well as upon the prerequisite educational programs for college entrance. Every effort will be made to breach this gap, but the compromise of adapting a sophisticated science program to a junior high school bulding will not be adequate to meet the needs of all students.

The headquarters of the Fine Arts Department were completely obliterated. While the junior high school art rooms may be modified and equipped for art instruction, all the facilities there are geared to a younger age group of students.

III. ESTIMATION OF LOSSES

The value placed upon the total high school building for insurance purposes is approximately $2,000,000. Many experts in the field of construction costs estimate that the truer figure to actually replace the total unit would be between $7,000,000 and $10,000,000. Speculation, at the present, concerning construction of a new division of the senior high school complex in the same area is being studied. This investigation is premised upon the acquisition of the plot of ground adjacent and contiguous to the erection of the Christopher Columbus elementary school, which is presently avilable. Upon this plot of ground are the abandoned buildings of the Chester Hospital. Should federal funds be made avaliable, this hospital site could be obtained for about $450,000. By acquiring the hospital property, the School District would be in a position to renovate some portions of the hospital buildings for classroom use.

If we obtained this property, a senior high school would be constructed on this site later. The construction of such school at this site would enable the School District to maintain a two or three unit complex which would be within two blocks of each other. The present vocational building would continue at its location at 8th and Fulton Streets, while the hospital site is at 9th and Barclay Streets, just two blocks away. This plan would enable the School District to retain its presently located building site, convenient to the greatest number of residents, both white and Negro, and geographically situated to eliminate the need for busing of students. (See map.)

In thinking of a new high school, we had hoped to share in the federal funds available under the Model Cities Act. The City Council, on behalf of the Municipality of Chester (Pa.), last year applied for the first round planning grant under this act. We were disappointed that Chester was not on the list of those who received a grant. The City Council was advised, however, to revise its application and apply again when "second round" applcations were being accepted in Washington.

IV. THE RATIONALE FOR THE APPLICATION

The School District of the City of Chester is an urban one. It has been the scene of a number of demonstrations and disturbances. The fire that destroyed the Chester High School is compounding a series of shocks to the people of the community. As one citizen has expressed his dismay: "My God, what is going to happen next? Do we just slide into the Delaware River and disappear?"

Assignment of funds under the Pin-point Disaster section of the act for Federally Affected Areas, Title I of P.L. 874 as amended, would engender community confidence and a sense of urban protection. The School District has been the recipient of funds for the implementation of ESEA Title I and Title II; Manpower Training and Development; and numerous other federal aid programs. This disaster grant would confirm the concept that Washington is equally interested in emergency construction for the culturally deprived and economically disadvantaged.

This application is written as a general appeal. It does not include a financial statement, nor a description of the method of future financial arrangements.

Chester School District's tax structure is based upon about $69,000,000 realty value. Its basic school tax is 56½ mills. Other taxes are also collected. Recent school buildings were, and will be obtained through the Chester City School Authority.

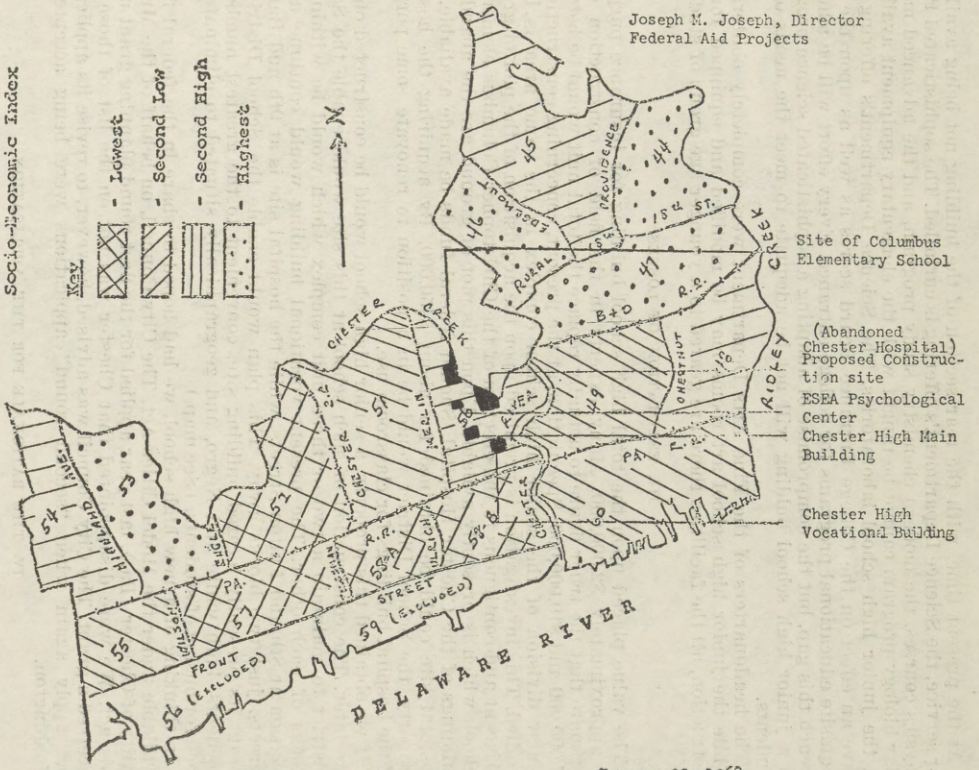
SCHOOL DISTRICT OF THE CITY OF CHESTER
Chester, Pennsylvania

Dr. John J. Vaul
Superintendent

Joseph M. Joseph, Director
Federal Aid Projects

Map 2
CITY OF CHESTER
Census Tracts, 1960
Socio-Economic Index

Key
- Lowest
- Second Low
- Second High
- Highest



Site of Columbus Elementary School

(Abandoned Chester Hospital) Proposed Construction site

ESEA Psychological Center

Chester High Main Building

Chester High Vocational Building

January 22, 1968

At the present time, the building construction activities are centered upon erection of the Christopher Columbus Elementary School. (See map).

Our local educational administrators and our business manager are of the opinion that it would require approximately $8,000,000 to build an integrated comprehensive high school with the number of classrooms and related facilities for 2200 to 2400 students. Our present thinking would place this school at the hospital site.

Therefore, the School District of the City of Chester hereby makes application for $8,000,000 under the category of the Pin-point Disaster Aid section of the Act for Federally Affected Areas under Title I of P.L. 90–247, amended 81–815 and 81–874.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
OFFICE OF EDUCATION,
Washington, D.C., January 31, 1968.

Mr. JOSEPH M. JOSEPH,
Director, Federal Aid Projects,
School District of the City of Chester,
Chester, Pa.

DEAR MR. JOSEPH: I have received your letter of January 25, 1968, and an application for pinpoint disaster aid from the City of Chester.

The Congress recently passed legislation which became Public Law 90–247 when signed by the President on January 2, 1968.

Public Law 90–247 among other things includes amendments to Public Laws 81–815 and 81–874 "authorizing assistance to public educational agencies affected by a pinpoint disaster caused by the forces of nature such as a flood, hurricane, earthquake, storm, fire or other catastrophe. It does not include catastrophes caused by negligence or malicious actions."

It may be stated, however, that budgetary limitations will not permit implementation of the program at this time for aid for pinpont disasters which would otherwise be eligible under the Act.

Although the Division of School Assistance in Federally Affected Areas is unable to take any action on the application from the City of Chester for disaster aid, we are referring your letter to the Division of Compensatory Education for its consideration.

Sincerely yours,

JAMES F. HORTON,
Acting Director,
School Assistance in Federally Affected Areas.

SCHOOL DISTRICT OF THE CITY OF CHESTER,
Chester, Pa., January 25, 1968.

Mr. JAMES HORTON,
Acting Director, Division of School Assistance in Federally Affected Areas, U.S. Office of Education, Washington, D.C.

DEAR MR. HORTON: In speaking to Mr. Herbert J. Edwards, Director of Compensatory Education, and Coordinator of Title I Projects for the Commonwealth of Pennsylvania, he advised me to write to you for information and possible assistance for our school district under some recently amended ESEA Title I Federal Legislation.

Our 1967–68 Title I project funds, after six months of operation, are so structured that I see no way, at this point, to have projected surplus of funds which we could use for an emergency in our school district.

Early Tuesday morning, January 9, 1968, in sub-freezing temperatures, a conflagration struck our High School. The fire was serious enough to be called a conflagration. The damage to the sixty year old section of the building caused us to send our 2200 senior high school students into five different school buildings for their instruction. These five included the four junior high schools and the one vocational building.

The school day for the senior high school students is from 7:15 a.m. to 12:00 noon, and the junior high school students, about 2800, report for their classes in these same buildings from 12:30 p.m. to 5:00 p.m. In addition to the reduction of instructional time, the 5,000 secondary students in our urban community are

faced with four or five hours of vacant time. To students in the inner city, this idle time is a distinct disaster.

Chester School District is asking if emergency ESEA Title I funds are currently available to provide several programs whose nature is truly compensatory. We have met several times with community leaders. The local newspaper, Delaware County Daily Times, has added its concerned opinion on the topic "What is Chester School District doing for the special needs of its students arising from the fire disaster?"

As we view the situation, there is need for: (1). Supplying the services of a food canteen at each of the five buildings from 6:30 a.m. to 7:00 a.m. This food service cannot be prepared in the cafeterias, because classes are being held in these areas. A large number of our disadvantaged students do not have time to get breakfast at home, and still be in class at 7:15 a.m.

2. Give employment to senior high school students, under the auspices of the Future Teachers Club, to provide teacher aide assistance to the junior high school afternoon classes.

3. Give employment to retired teachers and other qualified college persons by having them tutor senior high school students in subject fields of need; this tutoring to be done in churches and OEO Neighborhood Action Centers.

4. Assist the present non-paid volunteer evening tutoring program in grades 4, 5 and 6 in five target areas, by funding the administrative cost to expand the current Monday and Thursday sessions to a full week program.

The programs listed are truly emergency ones, and are the direct result of the fire disaster.

They are Pin-Pointed and immediate funding would act as preventive measures in reducing tensions of thousands of youths who have about 25,000 idle hours a day.

The situation is not only a disaster and an emergency, but, it is full of Community hazards and potential adolescent outbursts.

Could you please send me information or bring us up to date on the amendments which provide appropriations for this purpose.

Very sincerely,

JOSEPH M. JOSEPH,
Director, Federal Aid Projects.

Senator MORSE. Senator Spong, I am sorry that we have taken so much time. Commissioner Howe, let me call Senator Spong for his testimony, and then I will call you back to the witness chair.

Senator Spong, I am delighted to have you before the subcommittee this morning. I announced before you came that you would be one of our witnesses. I want to thank you for the cooperation you have extended to this chairman on many occasions, both in connection with this committee and also on our subcommittee of the District of Columbia Committee, a committee of which you are chairman, and on which I have the honor to serve as one of your committee members.

You may proceed in your own way. We sort of run a seminar in these hearings. Would you proceed in your own way and then if members of the committee have any questions, we will interrupt you.

STATEMENT OF HON. WILLIAM B. SPONG, JR., A U.S. SENATOR FROM THE STATE OF VIRGINIA

Senator SPONG. Thank you very much, Mr. Chairman.

Senator MORSE. The Senator from Texas.

Senator YARBOROUGH. I just want to join in this welcome to our colleague from the Old Dominion and say it is a great pleasure to have him before the subcommittee. We sit very close on the floor of the Senate. We confer many times and it is a pleasure to welcome you.

Senator SPONG. I thank you very much. I want to thank the subcommittee for allowing me to appear this morning rather than at a later date when it might have fitted in your agenda better. I thank you for accommodating me to this extent.

I have a prepared statement with exhibits attached, and I will, in the interests of time, give a condensed version of that. Then I would be pleased to answer any questions you gentlemen may have.

Senator MORSE. The Chair's ruling is that Senator Spong's prepared statement with exhibits attached will be printed in the record at this point and he may handle the statement in any way he cares to by way of summary.

(The prepared statement of Senator Spong follows:)

PREPARED STATEMENT OF HON. WILLIAM B. SPONG, JR., A U.S. SENATOR FROM THE STATE OF VIRGINIA

I appreciate the opportunity to appear before the Education Subcommittee of the Senate Labor and Public Welfare Committee. The higher education programs which you are considering have been of foremost importance to the Nation in upgrading and advancing education in our colleges and universities.

Today, I want to focus on one particular aspect of the higher education legislation: the National Defense Education Act Fellowship program (Title IV of the NDEA program). This has been one of the most successful of our higher education programs, because it spotlights the area which, in at least one sense, is basic to all our other educational endeavors. Without adequately trained personnel to conduct our educational programs, we cannot hope to progress.

Production of doctorates in the humanites, the social sciences, the sciences and education within a State is an important factor in the production of college teachers for that State and the region. These college teachers, in turn, soon become an important factor in the production of new public elementary and secondary school teachers for the same areas. Doctoral productions is what we might call a "seed factor" or even a "snowballing" factor that can benefit all levels of education in those States in greatest need of educational development. NDEA fellowships have inspired growth in high-quality graduate work in such States with gratifying results.

More recently, however, a shift in distribution of the fellowships has tended to enlarge rather than to reduce the distressing imbalance which exists in educational opportunity.

Under the original 1958 National Defense Education Fellowship program, fellowships were to be awarded to approved graduate programs upon the determination (1) that such a program is a new or existing program which has been expanded and (2) that such new program or expansion of an existing program will substantially further the objective of increasing the facilities available in the Nation for the graduate training of college or university level teachers and of promoting a wider geographical distribution of such facilities throughout the Nation.

As a partial explanation of the program, the House report on the bill (H. Rept. 2157, July 15, 1958) contained the following explanation of the section dealing with geographic distribution: "This section also requires the Commissioner to limit the number of persons awarded fellowships in any one institution in light of the objective of increasing facilities available in the Nation for the graduate training of college or university level teachers and of promoting a wider geographic distribution of such facilities throughout the Nation."

In a May 7, 1963, House hearing, Francis Keppel, then-Commissioner of Education noted, "The graduate fellowship program is designed to encourage students to prepare for college teaching careers, to support new and expanded graduate programs, and to promote these programs in those areas of the country where there is need for them."

On May 10, 1963, at the same hearings, Leonard B. Beach, dean of the graduate school at Vanderbilt University, testified as follows:

"The purpose of the National Defense Education Act, as I understand it, particularly the graduate fellowships, title IV, was to increase the number and quality of students preparing for college teaching and to strengthen and expand graduate facilities across the country. It was not designed, therefore, to assist and augment the already large and powerful graduate schools, the Ivy League and Big Ten giants, except as rare or unique facilities at these institutions might be enlarged in the national interest.

"Rather the object was to utilize unused capacities to encourage new and expanded programs in less populous graduate schools in every State, to distribute both the process and the raw materials as widely as possible."

In 1964, the program was modified to permit the Commissioner of Education to grant a certain number of the available fellowships to programs which were not new or expanding, but which could accommodate an increased number of students. The Senate Committee report extending and modifying the bill explained the application of the geographic requirement as follows: "* * * with respect to new or expanded graduate programs the bill would continue the * * * requirement that limits be placed on the number of fellowships at any one institution. In the case of fellowships which the Commissioner may award on such bases as he may determine, the bill requires that the Commissioner *give consideration* to the objective of increasing these facilities and promoting a wider geographical distribution of them in determining the number of fellowships to be awarded for attendance at any one institution."

Unfortunately, the geographic distribution has not been equitable, or even approximately so. The House Special Subcommittee on Education, in its *Study of the United States Office of Education*, concluded that there was "little hard evidence" that title IV was either increasing the supply of qualified college teachers or promoting wider geographic distribution of quality graduate programs.

The South, where much educational advancement is needed, contains 30 percent of the population, but produces only about half that percentage of doctorates each year.

Instead of helping to overcome the area's difficulties, however, the NDEA fellowship program has to some extent compounded the problem. Whereas, from 1959 to 1963 the fellowship percentage roughly equalled the population ratio of the South to the rest of the Nation, the percentage of fellowships granted has fallen a number of percentage points below the population ratio in years since. (At this point I would like to insert a chart prepared by the Southern Regional Education Board to show the percentage of the South's population, the percentage of doctorates awarded and the number of NDEA fellowships granted.)

There have been several indications of concern over this matter. The Southern Association of State Universities and Land-Grant Colleges in October 1966 adopted a resolution expressing concern about the geographic imbalance in the fellowship program. In a June 26, 1967, letter, Winfred L. Godwin, director of the Southern Regional Education Board, noted, " . . . I am greatly concerned that as the size of the NDEA has increased greatly, the South's share of awards has declined from one-third to one-fourth. In my judgment there has been entirely too much emphasis on the judging of the 'quality' of the individual departments of institutions. Also, the judging and final recommending have been done with far less southern representation on committees than a third of the Nation should have."

Within my own State of Virginia, the uneven distribution in the program has also been evident, with the pattern being similar to that of the South. During 4 of the first 6 years of the program's existence, Virginia received fellowships generally in proportion to her population. In the past 4 years, however, the percentage of awards made to Virginia has fallen substantially below the percentage of the national population which the State claims.

What have been the results of such distribution? Well, in 1964, Virginia had slightly more than 2.2 percent of the Nation's population, but produced only about three-fourths of 1 percent of the Nation's doctorates. The NDEA fellowship program, however, granted fellowships in approximate proportion to our population. In 2 years, by 1966, the number of doctorates produced in Virginia increased by more than 50 percent.

However, in 1966, Virginia received only about 1.6 percent of the fellowships and in 1967 only about 1.5 percent. And now we are hard put to maintain our doctoral degree growth rate despite a rapid growth in population and public interest in education. If distribution on NDEA fellowships for 1967 had been based on population and public interest in education, the number of fellowships awarded to Virginia would have been about ¼ higher. The same is true for 1968. (At this point I would like to insert a chart prepared by the Southern Regional Education Board to show the number of fellowships awarded in the various Southern States.)

The only action now that will be effective to prevent a further geographical imbalance in doctorate production in the Nation will be a significant increase in graduate fellowships to qualified institutions in those States where educational opportunities have been below the national average.

I, therefore, recommend that the language in the authorizing legislation be strengthened to require the fellowship distribution on a more equitable State-population basis. I know that the distinguished chairman of the Senate Labor and Public Welfare Committees has been interested in the possibility of a geographic formula and I would support his efforts to achieve a balance in the awards.

In the meantime, I would like to offer an amendment. My amendment would require an equitable distribution of the fellowships throughout the States, similar to the equitable distribution requirement in Title V, of the Higher Education Act, the teacher fellowship program. Under the amendment, fellowships would be awarded on a State-population basis wherever at all possible. In a limited number of cases, of course, this would be unreasonable or infeasible. But by

avoiding the requirement that the awards be made, without exception, on a population basis, the amendment also allows some flexibility. To guard against the possibility that the flexibility portion might be misused, however, my amendment would also require the Commissioner of Education to compile annually a list of the number of fellowships which a State would be entitled to under a strict population formula and a list of the number the State is actually awarded. Furthermore, these lists would be distributed to all institutions receiving NDEA fellowships and the institutions would be encouraged to grant fellowships to students from those States which did not receive their share of the fellowships.

The amendment would, therefore, provide for a more equitable distribution of the fellowships and also provide a means of determining annually whether or not the program is being administered in accordance with the intent of the amendment.

I believe that allocation of awards on a geographic basis, not just Virginia or the South, but for the entire Nation, can be defended on several grounds.

First, and most important of all, is the nature of the program itself. It is designed to produce college and university teachers of high quality in all areas of our Nation. No section has a monopoly on the need for qualified instructors and no one region deserves a favored position in this type of program. In fact, if any region did merit special attention, it would be the areas which are now behind in production of doctorates and which even now are not receiving fellowships in proportion to their population. Many benefits aside from the actual production of college teachers accrue from the NDEA program. The university instructors produced by NDEA fellowships generally educate the public elementary and secondary school teachers. Both the fellowship winners and those they educate influence the intellectual and cultural life of the community. In addition, these persons attract industry and other development which can benefit from use of such persons as consultants and also find qualified employees who have profited from the educational improvements at all levels. For the prosperity and development of these many aspects of all communities, for the general educational benefit of all the people, it seems obvious that a geographical formula would be only fair and equitable.

Secondly, the original congressional intent of the program is being disregarded. The specific direction that geographic factors be taken into consideration has played only a minor, rather than a major, role as envisioned by the authors of the legislation. And, the result of this has been the compounding of the very problem which the program sought to solve. Thus, if we do not move to meet the imbalance, the future allocations portend even greater disparity in educational facilities and opportunities throughout the Nation.

Thirdly, adoption of a geographical allocation formula would advance two trends which have appeared in other legislation: (1) the desire for widespread geographic distribution of research and development funds, as embodied in such laws as the National Aeronautics and Space Administration Authorization Act of 1966 and as discussed in a number of committees during the 89th and 90th Congresses and (2) the concentration of funds in areas which lag behind other areas of the Nation, as evidenced in the poverty program and Title I of the Elementary and Secondary Education Act.

It can, of course, be argued that a geographic redistribution would have certain disadvantages: it would deny funds to well-established centers and spread them among some institutions which may not present as effective or well developed program and which may not be able to attract the recognized experts from the established centers. If financial aid on a mass scale continues, however, the large institutions will only proceed to grow at the expense of the smaller schools and more remote areas. And, if the less favored areas do not receive funds, they will continue to be denied an opportunity to develop into competitive and affluent communities. In addition, the large well-established centers generally have access to private funds and grants which less well developed programs do not enjoy. And, finally, there are the other programs such as the National Science Foundation grants whose purpose expressedly is to concentrate on research and development projects and whose success often demands that they be awarded to established, well-equipped institutions.

Thank you for allowing me to testify.

TABLE I.—NUMBER OF NDEA FELLOWSHIPS ALLOTTED IN 16 SOUTHERN STATES, BY STATE, 1959-60 TO 1966-67

	Number of fellowships								
	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Alabama	19	25	28	27	23	23	27	70	242
Arkansas	13	22	14	11	5	3	8	8	84
Delaware	5	14	9	9	14	6	4	10	71
Florida	31	28	33	30	34	38	44	164	402
Georgia	22	36	43	34	40	41	83	137	436
Kentucky	15	13	10	14	13	15	10	41	131
Louisiana	27	45	29	28	37	33	52	110	361
Maryland	16	25	21	23	35	37	60	119	336
Mississippi	23	17	13	12	2	6	5	18	96
North Carolina	42	61	52	52	37	36	124	184	588
Oklahoma	27	33	35	33	24	26	18	70	266
South Carolina	10	12	16	14	14	13	17	28	124
Tennessee	39	48	61	49	45	42	49	95	428
Texas	36	62	51	67	56	51	110	209	642
Virginia	28	26	33	36	24	35	57	97	336
West Virginia	5	5	11	8	9	8	9	10	65
Total	358	472	459	447	412	413	677	1,370	4,608
U.S. total	1,000	1,500	1,500	1,500	1,500	1,500	3,000	6,000	17,500

TABLE II.—NUMBER OF NDEA FELLOWSHIPS ALLOTTED IN UNITED STATES AND PERCENT ALLOTTED IN SOUTH[1] 1959-60 TO 1966-67

	NDEA fellowships		Number of doctorates	
	United States (number)	South (percent)	United States (number)	South (percent)
(1)	(2)	(3)	(4)	(5)
Year:				
1959-60	1,000	36	9,829	15
1960-61	1,500	31	10,575	14
1961-62	1,500	31	11,622	15
1962-63	1,500	30	12,822	16
1963-64	1,500	27	14,490	17
1964-65	1,500	28	16,465	17
1965-66	3,000	23	(1)	----------
1966-67	6,000	23	(1)	----------

[1] Data unavailable.

Note: South includes the following States: Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

DISTRIBUTION OF FELLOWSHIPS UNDER TITLE IV OF NDEA

Senator SPONG. I appreciate the opportunity to appear before the Education Subcommittee of the Senate Labor and Public Welfare Committee. The higher education programs which you are considering have been of foremost importance to the Nation in upgrading and advancing education in our colleges and universities.

Today, I want to focus on one particular aspect of the higher education legislation: the National Defense Education Act fellowship program (title IV of the NDEA program). This has been one of the most successful of our higher education programs, because it spotlights the area which, in at least one sense, is basic to all our other educational endeavors. Without adequately trained personnel to conduct our educational programs, we cannot hope to progress. NDEA fellowships have inspired growth in high quality graduate work in many States with gratifying results. More recently, however, a shift in distribution of the fellowships has tended to enlarge rather than to reduce the distressing imbalance which exists in educational opportunity.

Under the original 1958 national defense education fellowship program, fellowships were to be awarded to approved graduate programs upon the determination, one, that such a program is a new or existing program which has been expanded and, two, that such new program or expansion of an existing program will substantially further the objective of increasing the facilities available in the Nation for the graduate training of college or university level teachers and of promoting a wider geographical distribution of such facilities throughout the Nation.

Unfortunately, the geographic distribution has not been equitable or even approximately so. The House Special Subcommittee on Education, in its study of the U.S. Office of Education, concluded that there was "little hard evidence" that title IV was either increasing the supply of qualified college teachers or promoting wider geographic distribution of quality graduate programs.

Within my own State of Virginia, the uneven distribution in the program also has been evident, with the pattern being similar to that of the South in general.

During 4 of the first 6 years of the program's existence Virginia received fellowships generally in proportion to her population. In the last 4 years, however, the percentage of awards made to Virginia has fallen substantially below the percentage of the national population which the State claims.

What has been the result of such distribution? Well, in 1964 Virginia had slightly more than 2.2 percent of the Nation's population, but produced only about three-fourths of 1 percent of the Nation's doctorates. The NDEA fellowship program until that time, however, granted fellowships in approximate proportion to our population. In 2 years, by 1966, the number of doctoral degrees produced in Virginia increased by more than 50 percent. However, in 1966, Virginia received only about 1.6 percent of the fellowships, and in 1967 only about 1.5 percent, and now we are hard pressed to maintain our doctoral degree growth rate despite a rapid growth in population and public interest in education.

If distribution of NDEA fellowships for 1968 were to be based on population, the number of fellowships awarded to Virginia would be substantially higher. The only action now that will be effective to prevent a further geographical imbalance in doctorate production in the Nation will be a significant increase in graduate fellowships to qualified institutions in those States where educational opportunities have been below the national average.

I, therefore, recommend that the language in the authorizing legislation be strengthened to require fellowship distribution on a State population basis. I know that the distinguished chairman of the Senate Labor and Public Welfare Committee, Senator Hill, has been interested in the possibility of a geographic formula, and I would support his efforts to achieve a balance in the awards.

However, in the meantime I would like to offer an amendment. My amendment would require an equitable distribution of the fellowships throughout the States similar to the equitable distribution required in title V of the Higher Education Act, the teacher fellowship program.

Under the amendment, fellowships would be awarded on a State-population basis wherever at all possible. In a limited number of cases, of course, this would be unreasonable or infeasible. But by avoiding the requirement that the awards be made, without exception, on a population basis, the amendment also allows some flexibility.

To guard against the possibility that the flexibility portion might be misused, however, my amendment would also require the Commissioner of Education to compile annually a list of the number of fellowships which a State would be entitled to under a strict population formula and a list of the number the State is actually awarded. Furthermore, these lists would be distributed to all institutions receiving NDEA fellowships and the institutions would be encouraged to grant fellowships to students from those States which did not receive their share of the fellowships.

The amendment would, therefore, provide for a more equitable distribution of the fellowships and also provide a means of determining annually whether or not the program is being administered in accordance with the intent of the amendment.

I believe that allocation of awards on a geographic basis, not just for Virginia or the South, but for the entire Nation, can be defended on several grounds. First, and most important of all, is the nature of the program itself. It is designed to produce college and university teachers of high quality in all areas of our Nation. No section has a monopoly on the need for qualified instructors and no one region deserves a favored position in this type of program. In fact, if any region did merit special attention, it would be the areas which are now behind in production of doctorates and which even now are not receiving fellowships in proportion to their population.

Many benefits aside from the actual production of college teachers, however, accrue from the NDEA program. The university instructors produced by NDEA fellowships generally educate the public elementary and secondary school teachers. Both the fellowship winners and those they educate influence the intellectual and cultural life of the community. In addition, these persons attract industry and other development which can benefit from use of such persons as consultants and

also find qualified employees who have profited from the educational improvements at all levels.

Secondly, the original congressional intent of the program is being disregarded. The specific direction that geographic factors be taken into consideration has played only a minor, rather than a major, role as envisioned by the authors of the legislation. And, the result of this has been the compounding of the very problem which the program sought to solve.

Thirdly, the adoption of a geographical allocation formula would advance two trends which have appeared in other legislation: (1) the desire for widespread geographic distribution of research and development funds, as embodied in such laws as the National Aeronautics and Space Administration Authorization Act of 1966 and as discussed in a number of committees during the 89th and 90th Congresses and (2) the concentration of funds in areas which lag behind other areas of the Nation, as evidenced in the poverty program and title I of the Elementary and Secondary Education Act.

It can, of course, be argued that a geographic redistribution would have certain disadvantages, and I would concede this. It would deny funds to well-established centers and spread them among some institutions which may not present as effective or well-developed program and which may not be able to attract the recognized experts from the established centers. If financial aid on a mass scale continues, however, the large institutions will only proceed to grow at the expense of the smaller schools and more remote areas. And, if the less favored areas do not receive funds they will continue to be denied an opportunity to develop into competitive and affluent communities. In addition, the large well-established centers generally have access to private funds and grants which less well developed programs do not enjoy. And, finally there are the other programs such as the National Science Foundation grants whose purpose expressedly is to concentrate on research and development projects and whose success often demands that they be awarded to establish, well-equipped institutions.

Mr. Chairman, in short, whereas the South has approximately 30 percent of the Nation's population, under this program they are presently receiving only about 23 percent of the fellowships. I concede, as I have stated here, that large well-established centers of graduate education have certain advantages, still I am afraid the situation has developed to the point where these large centers are continuing to grow richer at the expense of less affluent localities and universities which have limited access to private endowments or even to National Science Foundation grants.

The amendment is here. It is flexible. It does not rigidly require that distribution be on a population basis. It does require information to be disseminated in order that universities throughout the country might give greater attention to what was one of the original intents of this legislation, that geographic balance be observed.

In addition to this statement and to the copy of the amendment which I presented, there are charts in the back of my testimony which show that through 1965 the South was producing only 17 percent of the doctorate degrees in the United States, with 30 percent of the population.

This trend cannot be reversed unless more attention is directed to equitable distribution of these fellowships.

I have in addition to this testimony, letters from the College of William and Mary, from the University of Virginia, from the Virginia Polytechnic Institute, all of which confirm what I have said statistically, and support the spirit in which it has been said.

I thank you for the opportunity to testify.

Senator MORSE. Senator Spong, I want to thank you for the very clear explanation you have made in the arguments you have presented in support of your amendment.

The Chair has already ruled the prepared statement will be inserted in the record, all the exhibits will be inserted, a copy of the amendment will be printed in the record, and correspondence from William and Mary and the other institutions will also be inserted in the record.

(The correspondence referred to above follows:)

VIRGINIA POLYTECHNIC INSTITUTE,
Blacksburg, Va., April 1, 1968.

Hon. WILLIAM B. SPONG, Jr.,
U.S. Senate, Senate Office Building, Washington, D.C.

DEAR BILL: Thank you so much for your thoughtfulness in sending me a copy of your excellent statement on the National Defense Education Act Fellowship Program. Your testimony before the Education Subcommittee of the Senate Labor and Public Welfare Committee should be most helpful in increasing the benefit of this very worthwhile fellowship program.

If the amendment you proposed could be adopted, the more equitable fellowship distribution would benefit Virginia substantially. Such an amendment would have particular impact on the rapidly developing graduate schools, such as that at VPI.

I deeply appreciate your influential assistance, and I hope the National Defense Education Act Fellowship Program can be strengthened along the lines you have advocated.

Looking forward to the pleasure of seeing you soon, and with warmest personal regards, I am

Sincerely,

T. MARSHALL HAHN, Jr., *President.*

UNIVERSITY OF VIRGINIA,
Charlottesville, Va., March 22, 1968.

Senator WILLIAM B. SPONG, Jr.,
Senate Office Building, Washington, D.C.

DEAR SENATOR SPONG: We in higher education in the South, and I am sure in many other regions of the nation, are much heartened by the interest you have shown in urging improvement of the formula for distribution of National Defense Education Act fellowships in the United States.

The present distribution system, apparently based more on previous records of past doctoral production than on a concern with nation-wide educational development, is tending widen the gap in educational opportunity among the several regions and states.

A distribution based on state populations, or possibly on regional populations in certain circumstances, would assist in the development of higher education facilities generally throughout the nation. In many states, inadequate fellowship programs from sources other than NDEA have made the NDEA fellowships a factor of key importance; in such states increases in NDEA fellowships, with their effect of increasing production of university, college, secondary and primary school teachers and administrators, are therefore important to improvement of all levels of education in those states.

As you know, doctoral production in Virginia increased rapidly soon after the years in which NDEA fellowships were distributed in such a way that Virginia's portion of the total generally was in line with our proportion of the nation's population. However, the more recent distributions that have tended to favor institutions and states already high in doctoral production per capita

of state population will mean that Virginia, and many other states that had recently made great progress toward national goals in education, are now losing some of their forward momentum. If the NDEA trend is altered in the direction you recommend, we can recapture this momentum and thus serve the national interest.

Sincerely yours,

EDGAR F. SHANNON, Jr., *President.*

THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA,
Williamsburg, Va., March 21, 1968.

Hon. WILLIAM B. SPONG, Jr.,
U.S. Senate, Congress of the United States,
Washington, D.C.

DEAR BILL: Pursuant to your letter of March 7, I have now had an opportunity to talk with some of my associates regarding my letter of July 10 (copy enclosed) concerning the allocations of Title IV NDEA graduate fellowships. After careful deliberation on this matter, there seems to be no reason why you could not include my letter of July 10 as part of your testimony on the fellowship program if you desire to do so.

I hasten to caution that a new "round" of awards has been made since the July 10 letter was written, and this has occasioned me to modify the numbers indicated in the second paragraph on page 2 of the letter. The number of fellowships granted nationally has been greatly reduced. A copy of the information sent us by the Office of Education on the 1968–69 allocations has been attached. However, based upon the information available to us at this time, the pattern of allocations remains the same.

I should also mention that in the case of any one institution there may be extenuating circumstances of which we do not know which have caused the Office of Education to award it a larger or smaller number of fellowships. But the fact remains that 85% of the fellowships available in 1967–1968 were channeled to the large, well-established graduate schools which have had graduate programs for many years. This pattern, it seems to me, runs contrary to the intent of the legislation.

With very best wishes, I am

Sincerely yours,

DAVIS Y. PASCHALL, *President.*

THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA,
Williamsburg, Va., July 10, 1967.

Hon. WILLIAM B. SPONG, JR.
U.S. Senate,
Washington, D.C.

DEAR BILL: I appreciate very much your letter of June 29, 1967, in which you indicated that the Senate Labor and Public Welfare Committee will open hearings on various higher education programs, including a possible amendment and extension of Title IV of the National Defense Education Act, which authorizes graduate fellowships.

I have discussed this matter with Dr. Robert Siegel, Dean of Graduate Studies, and Mr. Warren Heemann, Director of our Office of Institutional Resources, and both agree that there is reason for compaints being registered concerning the distribution of these graduate fellowships under Title IV.

According to our calculations and the experience gained in attempting to obtain NDEA Title IV fellowships for William and Mary doctoral programs, we have found inequities in both the geographic distribution of the fellowships and, to a greater degree, in the distribution between established graduate schools and colleges and universities with new or rapidly expanding graduate programs.

Concerning the geographic distribution, Virginia has about 2.21% of the Nation's population, but received only 1.65% of the Office of Education's 1966–1967 allocation of 6,000 fellowships. The number awarded Virginia institutions totaled ninety-nine (University of Virginia, 65; Virginia Polytechnic Institute, 25; Medical College of Virginia, 7; William and Mary, 2) or thirty-three less than the State's population might entitle Virginia to if distribution were made on a strict geographic basis. Admittedly, the Commonwealth is somewhat behind most other states in the number of graduate programs it has to offer its citizens and the number of graduate students actually enrolling in Virginia institutions.

But more available fellowships would undoubtedly mean more graduate students in existing programs, and the clear opportunity to gain federal fellowship support would undobtedly mean more institutions in Virginia would develop graduate programs.

Relevant to this last point in the larger inequity which exists between the awards being made to well-established graduate schools and emerging universities with new or rapidly expanding graduate programs. Our State would stand to benefit greatly over the next decade if this disparity were rectified or at least prevented from growing greater. As you know, the wording of title IV of the National Defense Education Act, section 403 (subsection a, 2), states that the purpose of Title IV is to "further the objective of increasing the facilities available in the Nation for the graduate training of college or university level teachers and of promoting a wider geographical distribution of such facilities throughout the Nation." And yet, of the total of 193 institutions which received Title IV fellowships, ninety-seven of the Nation's strongest universities divided 5,121 of the 6,000 new fellowships among them. (And, of course, many institutions with doctoral programs received no award whatsoever.) That is to say, about 50% of the institutions which received awards this year were given 85% of the total new fellowship allocation, and almost without exception the ninety-seven were made up of universities with long-established graduate schools who have been awarding the doctorate for many, many years.

We recognize, of course, that the strength of our country grows in large measure from our Nation's large and great universities; they must be supported in all ways possible. But the National Defense Act Title IV fellowship program was not promulgated to further strengthen the Nation's already strong graduate schools. It was developed, of course, for quite different reasons. One is compelled to wonder if the Office of Education is indeed "increasing the facilities available for graduate training" and "promoting a wider geographical distribution of such facilities" by awarding forty-five new fellowships this year to the University of Michigan, forty-five to the University of California at Berkeley, forty-five to Harvard, while awarding only eight to the University of Arkansas, seven to the University of Mississippi, two to William and Mary, and none to, say Adelphia—all of which have rather recently-established doctoral programs and should be encouraged because of geographical factors and because of their potential. It would seem that the Office of Education is making little effort to locate promising institutions which are newly undertaking graduate work and, in the national interest and because of their potential strength, should be encouraged by the award of *substantial*, no token, fellowship support.

Our State, as you are aware, needs many more graduate programs and needs them at several additional institutions. With the exception of the specialized programs being offered at the Medical College of Virginia, the College of William and Mary is the only institution east of Charlottesville awarding the doctorate; but there is every indication that Old Dominion College will be initiating doctoral programs in the near future and that not long from now an urban university will be established in Richmond by the union of Richmond Professional Institute and the Medical College. These developments must be encouraged by both federal and state support if we are to avoid the prediction contained in Staff Report No. 2 of the Virginia Higher Education Study Commission: "if the increase continues at the same rate it will be twenty-five years before Virginia reaches the expected level of two per cent of the national total of doctor's degrees."

The National Defense Education Act Title IV fellowship program would mean important federal support for Virginia's emerging universities—if the act were carried out in a way which is consistent with Congress's intentions. Otherwise, the Nation's large, strong, and complex multi-universities will become more so, and institutions which newly aspire to serve their state with graduate education may be forced to abandon this worthy endeavor.

I apologize for what is obviously a rather extended response to your inquiry, but feel this subject very keenly, and hope that my observations will be of some assistance to you.

With very best wishes in the fine leadership that you are giving our State and the Nation, I am

Sincerely yours,

DAVIS Y. PASCHALL, *President.*

Senator MORSE. The chairman, in the due course of time, will call upon the Department to file a memorandum brief setting forth the Department's position with regard to your amendment, if it isn't

included in some of the statements that may be made by the Department spokesmen in their testimony.

(The memorandum referred to was subsequently supplied for the record:)

MEMORANDUM FROM THE U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE RE DISTRIBUTION POLICIES FOR NDEA TITLE IV GRADUATE FELLOWSHIP PROGRAM

Senator Spong has recommended the adoption of a population-based distribution formula under Title IV of the National Defense Education Act because he believes the fellowship program is intended primarily to support areas of low doctoral productivity, and that geographic distribution to such areas has recently been inequitable.

The recommendation that the NDEA Title IV fellowship program be tied to population will impose a rigid formula upon its operations, without regard to student needs. It will cause one of the three legislative objectives of the program to eclipse the other two, which are to assist the better and more rapid preparation of college teachers, and to encourage full capacity of doctoral programs everywhere. Such an amendment would tie doctoral study to local conditions, but Ph. D. production is a national enterprise related more closely to academic capacity for training.

The wide geographic distribution required by the legislation is being achieved, nonetheless. Exhibit I—which is similar to the table provided by Senator Spong—shows degree productivity and support for various geographic regions in the United States; it suggests that special consideration is being devoted to areas of lower productvity. Although support directed to the South has declined on a percentage basis, the South continues to receive a more favorable proportion of fellowships in relation to the Ph. D.'s it produces than any other region of the country (in the case of Virginia this proportion has more than doubled in recent years—see Exhibit II and III). And the absolute numbers of fellowships it receives has more than doubled. Two Southern universities (University of Texas and University of North Carolina at Chapel Hill) are among the eighteen institutions selected to receive the highest number of fellowships in the recent competition.

With respect to program direction, the National Advisory Committee has two Southern members out of 12, and the program itself was directed last year by a Southern graduate dean on leave.

Allotments to particiapting institutions are based upon a combination of factors. Geographic distribution is one of these. Every state participates in the program, as well as Puerto Rico. The ability of the institution to train scholar-teachers, based upon its graduate enrollment, is also a salient consideration. Other factors are its record of doctoral production, the facilities at its disposal such as laboratories, libraries, and classrooms, the scope of its curricular offerings, the degree requirements, the size of its faculty, the investment by the institution in its own students and its own development, and the dynamic character of intellectual activity on the campus. We ask each participating institution to tell us all this and more about its own concept of itself.

We invite scholars representing virtually every field of human knowledge from American universities to read and evaluate these institutional proposals for us. The National Advisory Committee for NDEA Title IV, a 12-man statutory body, of academic and intellectual statesmen, next reviews these scholarly appraisals and recommends the bloc allocation to each university. In the main, these recommendations are those endorsed by the Commissioner of Education as the actual allocation. The process relies heavily, then, upon the academic community and upon the potential of each institution as reflected in its proposal.

The original legislation was restricted entirely to assisting graduate programs which qualified as new or expanding. The 1964 amendment limited this reservation to only one-third of the fellowships. Yet, ironically, the spurt in graduate education since 1960 has expended virtually every doctoral program, so that 86% of all approved programs in the competition for 1966–67 qualified as new or expanding; 87% of those approved for 1967–68 were so qualified. Had the Act not been amended, then, the proportion of support going to developing institutions would have diminished anyway. This is a reflection of a changing educational world in which demands from the entire country have been taken into account along with those of the South.

A word concerning the achievements of the NDEA Title IV program may be in order here. Since the publication of the House Special Subcommittee on Education *Study of the United States Office of Education*, some rather hard evidence of its contribution has been developed. New survey research into the careers of past NDEA Title IV fellowship holders indicates that the intent of augmenting college faculties is being well met. While more data and analysis are necessary to provide a detailed picture, we now know that 30.4% of the first 5500 Fellows have received their doctorates and 51.4% of these have entered college and university teaching. This compares with 27.1% of the graduate student population at large which is likely to enter college teaching. And we expect that the proportion will grow even more favorably as later classes reach the stage of professional stature.

EXHIBIT I[1]

NDEA TITLE IV GRADUATE FELLOWSHIPS ALLOCATED BY OBE REGION AND AWARD YEAR

Academic year	New England	Mid-east	Great Lakes	Plains	South east	South west	Rocky Mountains	Far West	Puerto Rico	Total
					Number					
Total	2,458	5,426	4,715	2,639	4,850	1,938	1,234	3,557	8	26,825
1959–60	69	143	107	100	274	93	77	137	----	1,000
1960–61	101	242	225	170	338	134	93	197	----	1,500
1961–62	125	244	237	164	343	125	82	178	2	1,500
1962–63	110	261	264	162	315	138	83	167	----	1,500
1963–64	128	297	269	164	283	114	59	186	----	1,500
1964–65	150	285	246	151	293	105	80	190	----	1,500
1965–66	316	553	630	317	485	185	94	420	----	3,000
1966–67	532	1,294	1,088	597	964	428	259	838	----	6,000
1967–68	598	1,348	1,068	523	997	397	261	804	4	6,000
1968–69	329	759	583	292	558	219	146	440	2	3,328
					Percent					
Total	9.0	20.0	18	10.0	18.0	7.0	5.0	13	(1)	100
1959–60	7.0	14.0	11	10.0	27.0	9.0	8.0	14	----	100
1960–61	7.0	16.0	15	11.0	23.0	9.0	6.0	13	----	100
1961–62	8.0	16.0	16	11.0	23.0	8.0	6.0	12	(1)	100
1962–63	7.0	17.0	18	11.0	21.0	9.0	6.0	11	----	100
1963–64	8.0	20.0	18	11.0	19.0	8.0	4.0	12	----	100
1964–65	10.0	19.0	16	10.0	20.0	7.0	5.0	13	----	100
1965–66	11.0	18.0	21	11.0	16.0	6.0	3.0	14	----	100
1966–67	9.0	22.0	18	10.0	16.0	7.0	4.0	14	----	100
1967–68	10.0	22.0	18	9.0	17.0	7.0	4.0	13	(1)	100
1968–69	10.0	23.0	17	9.0	17.0	7.0	4.0	13	(1)	100
Ph. D. degree productivity: 1964–65	9.7	23.2	24	8.4	10.1	6.1	3.2	14	0	100

[1] Less than ½ of 1 percent.

EXHIBIT II.—FELLOWSHIP ALLOCATIONS FOR THE NDEA TITLE IV GRADUATE FELLOWSHIP PROGRAM, BY STATE AND YEAR OF AWARD

State	1959–60	1960–61	1961–62	1962–63	1963–64	1964–65	1965–66	1966–67	1967–68	1968–69	Total
Alabama	19	25	28	27	23	23	27	70	65	36	343
Alaska					2	2	2		4	2	12
Arizona	17	26	28	30	29	28	51	113	90	50	462
Arkansas	13	22	14	11	5	3	8	8	14	8	106
California	75	110	99	95	97	113	235	537	544	300	2,205
Colorado	24	41	38	27	19	30	47	145	132	74	577
Connecticut	16	18	20	15	19	26	50	130	132	72	498
Delaware	5	14	9	9	14	6	4	10	12	7	90
District of Columbia	23	31	19	20	22	26	28	80	80	46	375
Florida	31	28	33	30	34	38	44	164	162	89	653
Georgia	22	36	43	34	40	41	83	137	126	69	631
Hawaii	8	10	11	12	16	19	24	37	28	15	180
Idaho	15	17	12	9	4	1	6	10	12	7	93
Illinois	35	59	58	78	82	64	222	333	327	176	1,434
Indiana	34	55	42	48	50	44	137	231	200	108	949
Iowa	12	36	35	31	29	18	29	129	105	59	483
Kansas	22	29	36	28	38	36	56	85	93	51	474
Kentucky	15	13	10	14	13	15	10	41	50	28	209
Louisiana	27	45	29	28	37	33	52	110	103	59	523
Maine	10	4	7	5	9	3	2	4	12	7	63
Maryland	16	25	21	23	35	37	60	119	132	73	541
Massachusetts	30	46	56	51	57	84	197	278	336	184	1,319
Michigan	19	50	61	59	50	44	98	185	199	110	875
Minnesota	17	28	19	19	14	18	68	95	85	45	408
Mississippi	23	17	13	12	2	6	5	18	30	17	143
Missouri	28	46	49	45	48	47	126	204	171	97	861
Montana	11	13	9	14	12	11	12	20	20	11	133
Nebraska	9	16	15	16	13	12	8	45	30	18	182
Nevada				3	2	5	8	8	8	4	38
New Hampshire		3	6	9	9	7	10	14	28	16	102
New Jersey	12	24	24	28	25	32	48	123	151	85	552
New Mexico	13	13	11	8	5		6	40	42	24	162
New York	53	88	113	123	145	129	260	628	665	372	2,576
North Carolina	42	61	52	52	37	36	124	184	175	99	862
North Dakota	8	12	7	18	17	11	15	22	22	12	144
Ohio	14	42	45	55	75	70	96	226	231	129	983
Oklahoma	27	33	35	33	24	26	18	70	59	34	359
Oregon	26	43	41	36	38	33	80	131	107	59	594
Pennsylvania	34	60	58	58	56	55	153	334	308	176	1,292
Rhode Island	10	27	31	27	29	29	56	96	78	43	426
South Carolina	10	12	16	14	14	13	17	27	39	22	184
South Dakota	4	3	3	5	5	9	15	17	17	10	88
Tennessee	39	48	61	49	45	42	49	98	120	67	618
Texas	36	62	51	67	56	51	110	205	206	111	955
Utah	18	14	13	22	19	27	27	68	81	45	334
Vermont	3	3	5	3	5	1	1	10	12	7	50
Virginia	28	26	33	36	24	35	57	97	99	56	491
Washington	28	34	27	21	31	18	71	125	113	60	528
West Virginia	5	5	11	8	9	8	9	10	14	8	87
Wisconsin	5	19	31	24	12	24	77	113	111	60	476
Wyoming	9	8	10	11	5	11	2	16	16	9	97
Puerto Rico			2						4	2	8
Total	1,000	1,500	1,500	1,500	1,500	1,500	3,000	6,000	6,000	3,328	26,828

Source: Prepared by Program Analysis Section, Graduate Academic Programs Branch, Division of Graduate Programs, Bureau of Higher Education.

EXHIBIT III

NDEA TITLE IV GRADUATE FELLOWSHIPS AWARDED IN STATE OF VIRGINIA ACADEMIC YEAR 1959-60 THROUGH 1968-69

Academic year of award	Number of fellowships awarded	Number of Ph.D.'s awarded	U.S. population (in thousands) [1]	Virginia population (in thousands) [1]	Fellowships as percent of Ph.D.'s	Number of fellowships per 1,000 population	Fellowships as percent of total awarded
1959-60	28	73	177,135	3,951	38.4	0.7	2.8
1960-61	26	71	179,992	3,987	36.6	.7	1.7
1961-62	33	94	183,057	4,098	35.1	.8	2.2
1962-63	36	87	185,890	4,187	41.4	.9	2.4
1963-64	24	113	188,658	4,288	21.2	.6	1.6
1964-65	35	117	191,372	4,371	29.9	.8	2.3
1965-66	57	163	193,795	4,420	34.9	1.3	1.9
1966-67	97	[2] 160	195,857	4,507	60.6	2.2	1.6
1967-68	99	([3])	197,863	4,536	----------	2.2	1.7
1968-69	57	([3])	200,017	4,563	----------	[4] 1.1	1.7
Totals	492	878	----------	----------	----------	----------	----------

[1] Source: Table No. 10, Statistical Abstract of the United States, 1967.
[2] Estimate.
[3] Degrees granted are not estimated due to the unavailability of reliable data.
[4] If fiscal year 1968 appropriation had not been reduced, this index would have in all likelihood remained at the preceding year's level.

EXHIBIT IV.—NUMBER OF NDEA FELLOWSHIPS ALLOTTED IN UNITED STATES AND PERCENT ALLOTTED IN SOUTH, 1959-60, 1966-67

Year	NDEA fellowships		Number of doctorates	
	U.S. number	South percent	U.S. number	South percent
(1)	(2)	(3)	(4)	(5)
1959-60	1,000	36	9,829	15
1960-61	1,500	31	10,575	14
1961-62	1,500	31	11,622	15
1962-63	1,500	30	12,822	16
1963-64	1,500	27	14,490	17
1964-65	1,500	28	16,465	17
1965-66	3,000	23	([1])	([1])
1966-67	6,000	23	([1])	([1])

[1] Data unavailable.
Note: South includes the following States: Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia.

Senator MORSE. Senator Dominick.

Senator DOMINICK. Thank you, Mr. Chairman. I was extremely interested in your statement. I think the Senator has done us a service in bringing these facts to our attention.

We have had similar complaints, as I am sure Senator Spong knows, on the distribution of research grants from the National Science Foundation, particularly out in our western area. We have had similar problems that I have been addressing my attention to. I think we were able to assist the problem in the area of elementary and secondary education through the adoption of the incentive grant program as a part of the Elementary and Secondary Act last year, even though that hasn't been funded. So I think bringing to the attention of the committee the problem that we have——

Senator MORSE. I want the record to show, if the Senator will permit me, that we got the incentive grant program into law because of the leadership from the Senator from Colorado.

Senator DOMINICK. I thank the chairman, who offered enormous help in getting it adopted. But bringing this problem to the attention of the committee is extremely important, because unfortunately a lot of times we write laws and then the agencies administer them and we are never quite sure whether they are running the programs the way the law was intended. I believe that this is going to be of extreme help to us in the process of developing a bill.

Senator SPONG. I thank the Senator from Colorado. In the more extensive statement that I filed, there is a reading of the original intent of this law, which I know you are familiar with, and a discussion of the administration of the law. I think this material indicates that the original intent is not being followed as closely as it could be.

Senator MORSE. The Senator from Texas.

TEACHER TRAINING INSTITUTES UNDER NDEA

Senator YARBOROUGH. Mr. Chairman, I want to commend the Senator from Virginia for bringing this documented presentation to us. I have done some work along another line over with the teacher institutes under the NDEA. There has been the rankest discrimination against my State, and, I presume from what you have shown here, other Southern States.

We declined from 31 institutes in 1965 to only 11 institutes in 1968, and from 1,191 teachers participating in 1965 to 441 in 1968.

Earlier I went into this, at the same time the institutes were declining in my State and were going up as a national total. I asked why they were declining, and they said, "Well, we don't want to attack your statement. The higher educational facilities are not as advanced in Texas as they are in some States." That was the very purpose of the NDEA as laid out here by the Congress when it passed this in 1958. I was here. I was a coauthor. I was on the conference between the House and the Senate to let the States that were behind in education have an opportunity to catch up.

The Department has switched it around to make the States that were more advanced in education advance faster, and hold back the States that were so-called behind in education.

They have administered it in a manner opposite to that which the Congress intended, and I am glad you brought this before this committee.

I have seen this in other branches of this law. I think we need, Mr. Chairman, to triple or quadruple our staff and exercise more oversight

over what this Office of Education does contrary to the intent of Congress. We pass a law explaining our intent and they warp it around as they have with these teacher institutes. I don't want to explore the institutes in depth right now, but I will before the hearing is over.

Senator MORSE. May I say if we appropriated the money to enlarge the staff, I would hope the administration wouldn't impound the funds.

Senator YARBOROUGH. We might assign half of it to Vietnam and then it would be approved.

Senator MORSE. Then we would be building schools for South Vietnam.

Senator YARBOROUGH. Thank you Senator, for bringing this to our attention.

Senator SPONG. Thank you very much, Senator Yarborough.

Senator MORSE. I want to thank you very much, Senator.

Senator SPONG. Thank you, Senator Morse.

Senator MORSE. At this point we will have a statement from one of our distinguished colleagues, the junior Senator from Arizona.

Senator Fannin.

STATEMENT OF HON. PAUL J. FANNIN, A U.S. SENATOR FROM THE STATE OF ARIZONA

Senator FANNIN. Mr. Chairman, during the hearing of the Indian Education Subcommittee at the Papagos Indian Reservation, Santa Rosa, Ariz., the subcommittee received an excellent statement from a young college student, Miss Juliann Ramon, which has special pertinence to the amendments to the Higher Education Act contained in S. 3098. I, thereupon, ask that Miss Ramon's statement also appear in the printed record of S. 3098 as being a constructive contribution to the subcommittee's deliberations on the Higher Education Amendments of 1968.

(The statement referred to follows:)

PREPARED STATEMENT OF UNIVERSITY OF ARIZONA PAPAGO INDIAN STUDENTS DELLA ANTONE, SANDRA FRANCISCO, MRS. MELISSA JUAN, HARRIET LEWIS, ELAINE LOPEZ, JULIANN RAMON, AND MURIEL SEGUNDO, PRESENTED TO THE SENATE SPECIAL SUBCOMMITTEE ON INDIAN EDUCATION

PAPAGO INDIAN EDUCATION—COLLEGE LEVEL

The foremost problem in the college education of Papago students is finance. One might say that this need is filled by B.I.A. grants. To the Papago student, it is not. For one thing the cost of attending colleges or universities is increasing every year; the B.I.A. grants do not adequately cover the cost. For instance if a student received a $500.00 grant, three-tenths (approximately $150.00) is spent on tuition and course fees. Another three-tenths go to rent ($155.00—average), one-tenth ($50.00—average) is spent on books, plus about $20.00 on fees not included in course fees, such as laboratory deposits. Altogether this leaves $125.00 for meals and personal needs, which does not last through the semester.

The rest of the expenses could be earned by the student himself through summer employment. Therein lies another problem. For one thing, there are not enough summer jobs available. The students wishing to further their education are plowed under for the following reasons:

(1) Firms and industries are more willing to hand out jobs to high school graduates who will stay on as permanent employees than to those who leave at the end of the summer.

(2) Employment in federal programs such as the Neighborhood Youth Corps is limited to high school students who are still in school and have not graduated.

The second problem is academic. Most of the students feel they are inadequately prepared especially in the areas of English, science and mathematics. This indicates deficiencies in a curriculum and inadequate counseling, whether it be a public, mission or B.I.A. school.

Another problem concerning Papago students is one of adjustment. Those students coming from Indian schools have never attended classes with Anglo-Americans. Therefore, the atmosphere in a college class is an unfamiliar one to the Indian student. This unfamiliarity extends to his social associations with Anglos.

Therefore, the Papago students, in view of these problems recommend the following solutions:

(1) In the area of finance, we urge legislatures, especially Federal, to propose and pass bills providing for more financial assistance to the Indian students.

(2) In the area of preparation for college, we recommend reviews of high school curriculums in federal, mission, and public schools. We also recommend a reorganization of the present systems to improve their deficiencies.

(3) In the area of adjustment in a college environment, we recommend the initiation of an orientation program. Such a program would enable students wishing to enter college to get a better understanding of the Anglo society and at the same time maintain their own heritage.

Senator MORSE. Commissioner Howe, will you return to the witness table? We are glad to have associated with you Mr. Muirhead, Mr. Venn, Mr. Alford, Mr. Moore.

Commissioner Howe has been on the witness stand earlier this morning. That was limited to a session with Senator Metcalf concerning the disaster program. We will now proceed with the prepared statement on behalf of the administration respecting the legislation under consideration by this subcommittee. You may proceed.

STATEMENT OF HAROLD HOWE II, U.S. COMMISSIONER OF EDUCATION; ACCOMPANIED BY PETER P. MUIRHEAD, ASSOCIATE COMMISSIONER FOR HIGHER EDUCATION; GRANT VENN, ASSOCIATE COMMISSIONER FOR ADULT, VOCATIONAL, AND LIBRARY PROGRAMS; JAMES MOORE, DIRECTOR, DIVISION OF STUDENT FINANCIAL AID, BUREAU OF HIGHER EDUCATION; ALBERT L. ALFORD, ASSISTANT COMMISSIONER FOR LEGISLATION; AND SAMUEL HALPERIN, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION—Resumed

Mr. HOWE. Thank you, Mr. Chairman. We have delivered to the committee a copy of my prepared testimony, and I will call your attention to the fact that it runs to some 39 pages.

We are bringing before you, Mr. Chairman, probably the largest package of higher education legislation as a total that has ever been considered by the Congress.

I would like therefore, instead of reading all of this testimony at this time, to summarize major portions of it, and then to engage in whatever questioning the committee would like to conduct, assuming that the full body of the testimony could be entered in the record.

Senator MORSE. I will let you handle it in your own way, although I am a little concerned about that procedure, because the material you submit in your prepared statement is always so pertinent. It is so necessary for the understanding of the committee.

Furthermore, Mr. Commissioner, I do not know of a time which has been more important for the officials of this administration to testify before the American people. After all, this is a public hearing, and one of the purposes of public hearing under the law is not only to give an opportunity to the executive branch of Government but to place upon it the requirement that it makes its case in public.

I know time is of the essence and of importance. But I don't know of any legislation we are going to consider this year before this committee that is more important, and I would like the views of the Senator from Texas and the Senator from Colorado, for I will abide by the majority rule on my committee. But I am not too sure that on this occasion that you should not read the entire statement.

Mr. HOWE. Thank you, Senator. I was making the suggestion really for your convenience, and I welcome the opportunity to do this, and will indeed do so.

Senator MORSE. Do you have any objection, Senator Yarborough?

Senator YARBOROUGH. No. I would like to hear it. As I understand it, Commissioner Howe, in this statement, together with your later statement concerning vocational education, you cover every portion of a composite bill to amend the Higher Education Act of 1965, NDEA of 1958, the National Vocational Student Loan Insurance Act of 1965, and the Higher Education Act of 1963, and the Vocational Education Act of 1963. Is that correct? You include them all?

Mr. HOWE. All of this, Senator Yarborough, with the exception of the guaranteed loan program, which has been discussed with this committee at an earlier meeting.

Senator YARBOROUGH. I think, Mr. Chairman, in view of the fact that we consolidate, amend and extend four separate acts, each of the very highest importance, that it justifies us hearing it, to be certain that we know before Commissioner Howe leaves the stand the position of the administration on all of these things.

Senator MORSE. Senator Dominick, I would like to have your view. As far as the chairman is concerned, I think we can learn more if I sit here and read and study along with the witness than if I am trying to turn the pages here and find what paragraph he has skipped to in a so-called summary or digest. After all, 39 pages for a matter as important as this I think is in itself a condensation. Do you object if I ask him to read the full statement?

Senator DOMINICK. I not only have no objection, I think it is entirely fitting and proper that we go ahead this way.

Senator MORSE. Then it will be the ruling of the chairman, Mr. Commissioner, that you give us the benefit of your conducting the seminar in full.

Mr. HOWE. Mr. Chairman, and members of the subcommittee, a year ago I appeared before this subcommittee in support of S. 1126, the Higher Education Amendments of 1967. Title V of that bill became Public Law 90–35, the Education Professions Development Act of 1967. The remainder of the proposal—the early extension and technical amendments to the National Defense Education Act of 1958, the Higher Education Facilities Act of 1963, the Higher Education Act of 1965, and the National Vocational Student Loan Insurance Act of 1965—was not reported to the full committee.

Today I appear in support of S. 3098, the Higher Education Amendments of 1968. Much of this proposal is already familiar to the subcommittee, as it is identical in many instances to S. 1126. Again, I urge the extension for 5 years, through fiscal year 1973, of two of the most important pieces of Federal assistance to higher education—the National Defense Education Act and the Higher Education Act. This year, however, my support for such extension is even more urgent, as the provisions of both laws expire at the end of this fiscal year.

This subcommittee is no stranger to the problems caused by the disparity in the Federal fiscal year and the academic year. School administrators from all levels of our educational system and from all parts of the country have testified to the problems they face with late and erratic Federal funding.

Basic to the stability of support which educational institutions seek is the early extension of program authorizations. That you have scheduled this hearing so early in the session reflects the subcommittee's concern for this problem. If program authorizations are extended at this time, colleges and universities across the country will have assurance that such programs will continue past this coming June and will have a basis for planning for the 1968–69 academic year.

EXTENSION OF THE NATIONAL DEFENSE EDUCATION ACT OF 1958

The National Defense Education Act was passed to strengthen teaching and learning in science, mathematics, and foreign languages. When the act was passed, President Johnson, then one of its authors in the Senate, commented that "History may well record that we saved liberty and saved freedom when we undertook a crash program in the field of education." The experience of the past decade goes far to bear out this glowing prophecy; the NDEA has had increasing effect on the quality and availability of American education. It has been amended from time to time—most recently by the Elementary and Secondary Education Amendments of 1967—to extend its coverage to virtually all areas of education. Its original purpose—to augment the supply of highly trained manpower in fields relating to national security—has been broadened until students from kindergarten through graduate school now benefit from its provisions.

Enacted originally for a four-year period, the NDEA was extended in 1962 and again in 1964. Since the NDEA's enactment Congress has appropriated nearly $3 billion for activities conducted under the act; the appropriation for fiscal year 1968 is $440,650,000.

NATIONAL DEFENSE STUDENT LOAN PROGRAM

Title II—the national defense student loan program—is probably the act's best known and most successful portion. As originally enacted, the title provided for loans to be made to needy full-time students in institutions of higher education, with preference to be given those majoring in science, mathematics, and modern foreign languages. Forgiveness of a percentage of the loan amount and interest was afforded to students who subsequently taught in public elementary and secondary schools. All these restrictions have been substantially broadened in the past 10 years. Half-time students are now eligible to borrow; forgiveness has been extended to teachers in nonprofit private elementary and secondary schools and in institutions of higher educa-

tion and to teachers of handicapped children; preference is now given to students with superior records in any field.

Senator DOMINICK. Mr. Chairman, excuse me for interrupting. Do you want us to ask questions as we go along or wait?

Senator MORSE. Whichever is your pleasure.

ELIGIBILITY FOR NDEA STUDENT LOANS

Senator DOMINICK. I just want to ask one question here. When the Commissioner said preference is now being given students with superior records in many fields, is that put in the legislation or is that a note.

Mr. MUIRHEAD. The preference that is given to students with superior records in any field does flow from the language in the statute.

Senator DOMINICK. What does the statute say?

Mr. MUIRHEAD. I cannot quote the words precisely, but it gives preference to students with superior academic records. I did go on to say, Senator Dominick, that in actual practice the NDEA practice the NDEA student loan program has been funded at a level that has permitted the eligibility of all students in financial need who have met the requirements for college admission.

Senator MORSE. That is if a student is in college, he has met the admission requirement, and is I presume able to do satisfactory work, often he may be eligible for a NDEA loan, but preference would be given to students who have a superior academic record.

Mr. MUIRHEAD. That is as the law now stands, Mr. Chairman. In the legislation before you it is proposed to drop this particular language in favor of enrollment in good standing.

Senator DOMINICK. I would like to know what the law says now, because I don't recall that provision.

Mr. HOWE. Senator Dominick, the citation is section 204, subparagraph 4 which reads: "Provided that in the selection of students to receive loans from such student loan fund, special consideration shall be given to the students with a superior academic background."

Senator YARBOROUGH. Senator, having been one of the authors when that passed, the purpose of that act was to aid students from low-income families but with fine backgrounds in high school or fine grades to go to college because they were being screened out all over the country. We have the situation of more than half of the top 30 percent of graduates in grades in high school unable to go to college because of the financial barrier. That was discussed at that time.

We were losing a lot of the best brains because they didn't have the money to go to college and these two things were put in. But it was originally drawn, the National Defense Education Act as it was introduced, as it was heard, was a pure scholarship provision. We lost that by about two votes on the floor of the Senate. It was changed to a loan fund. It was supposed to have been scholarships to award bright students from poor families who couldn't otherwise get to college. That was the original purpose of it.

But we lost out by two votes on the floor of the Senate to change it to a loan fund. There was a forgiveness feature because of the shortage of schoolteachers which then and now is one of the great problems. If the Senator will pardon me, having sat in on the discussions, I thought I should supplement that.

Senator DOMINICK. I appreciate it and I do remember some discussion on this. It was my understanding that what we were saying in effect was that if we had a student who was able to meet the requirements of the college, and had an academic background that was satisfactory in high school, that he was entitled to equal treament with other students, in attempting to get a loan. I didn't know we were dividing our funds up on the basis of grades that someone got while they were in college.

Mr. HOWE. I think your first interpretation, Senator, is what has resulted from practice under the law, and that the intent of this provision here was to say that if there must be some decisions as to who shall receive the benefit of a loan, some selecting out because there were insufficient funds available, this creates some preference for those with superior academic backgrounds. As Mr. Muirhead pointed out a moment ago, funding has been sufficient so it has been possible to go beyond that somewhat.

Senator DOMINICK. Thank you, Mr. Chairman. I just wanted to get the record straight.

Senator MORSE. Mr. Commissioner, will you continue?

Mr. HOWE. Yes, sir. Continuing, Mr. Chairman——

Senator MORSE. Let me interrupt further. Off the record.

(Discussion off the record).

RECORD OF THE NATIONAL DEFENSE STUDENT LOAN PROGRAMS

Mr. HOWE. Mr. Chairman, it is estimated that more than $1 billion has been advanced to 1.4 million student borrowers at 1,700 institutions, with the annual average loan amounting to $560. More than 200,000 borrowers have become teachers, entitled to total or partial forgiveness of their indebtedness. For fiscal year 1968, $190 million was appropriated for contributions to student loan funds, $2 million for loans to educational institutions, and $1.4 million for cancellation of student loans.

We are asking that the national defense student loan program be extended 5 years, through fiscal year 1973. In keeping with the philosophy that loan forgiveness may attract students into career areas of greatest benefit to our Nation and its goals, loan cancellation benefits would be extended to teachers in programs of special education or training designed to combat disadvantage stemming from poverty or unemployment, even though they may not be working in the regular schools.

CONSOLIDATION OF STUDENT ASSISTANCE PROGRAMS

Finally, in order to add flexibility and administrative simplicity to student assistance programs, the authorization for the student loan program would be combined with that of the college work-study program, as part of the Educational Opportunity Act of 1968, which I will discuss at a later point in this testimony. This merger of authorizations would be effective in fiscal year 1970.

I might add at this point, Mr. Chairman, that that merger in no way affects the operation of the NDEA loan program which will be a discrete and continuing and significant program. It is simply an effort to bring greater flexibility into its administration and greater convenience to the colleges and the students involved.

Senator DOMINICK. Mr. Chairman.
Senator MORSE. Senator Dominick.

ENCOURAGING TEACHERS TO TEACH IN SCHOOLS SERVING SLUMS

Senator DOMINICK. I have a question for Senator Murphy which he asked me to ask the Commissioner at this point, if I may be allowed to. I would like to submit it.

Senator MORSE. Go right ahead.

Senator DOMINICK. The President's Riot Commission has urged programs to encourage the teachers to go into slum areas. In connection with student loan programs, would the Office of Education support extending the national defense student loan program forgiveness provision to the guaranteed loan fund for those teachers who teach in slum area schools, and teachers of handicapped? I think we already have it in for the teachers for the handicapped. Now, what about the slum area school?

Mr. HOWE. Senator Dominick, we are thoroughly in accord with efforts to bring more effective teachers to students in disadvantaged areas, and we would like to examine such a proposal. However, there are probably more effective ways to invest Federal funds for this purpose than that particular way. Although we support the idea of forgiveness as a possible motivation to enter the teaching profession, it is difficult to prove how effective forgiveness is. Our programs, such as the Teacher Corps, and special institutes for training teachers of the disadvantaged, which do directly train people in working on the problems of those areas of the city, quite clearly have a more direct payoff than do forgiveness programs. I think we would want to make any additional developments in such programs as those, rather than in forgiveness with guaranteed loans.

EXTENSION OF LOAN FORGIVENESS FEATURES OF NDEA PROGRAM

Senator MORSE. Mr. Commissioner, while you are sitting there, not for response now, but put it in the record later, there should be, I think, more suggestions such as Senator Murphy's as to the forgiveness of the NDEA loan program. I would like to have you give some thought to extending it to veterans as proposed in my bill, S. 2334. I understood that also the proposal will probably be made before the hearings are over. It would extend forgiveness to social workers as a discipline. So while you are at it, you might just as well give some thought as to how far the Department might be willing to go to expand the forgiveness section of the bill. You may think of some other categories.

Mr. HOWE. I would observe here, Senator, that we have tried to examine this matter, and we had an independent study made of the forgiveness feature this past year. It is available for the record should you wish to enter it there. The study was done for us by the College Entrance Examination Board on various aspects of loan programs, including this one. The evidence is not conclusive concerning the effectiveness of forgiveness features in bringing about the results that they try to achieve. It is apparently the judgment of most student aid administrators in colleges and universities that forgiveness pro-

grams are not particularly effective, but that is again a matter of judgment rather than hard evidence.

Senator MORSE. I am aware of that study. We have already printed it as a committee print. I thought it was a very worthwhile study. The study itself, however, gives rise to some of these proposals for expansion. That is why I mentioned it.

TITLE III OF NDEA

Mr. HOWE. Title III of NDEA is designed to strengthen instruction in critical subjects: science, mathematics, modern foreign languages, history, civics, geography, economics, English, reading, and industrial arts. The title authorizes acquisition of equipment necesseary for instruction in these areas, and minor remodeling incident to the effective use of such equipment. More than $500 million has been made available to States and outlying areas on 50–50 matching basis. In addition, more than $5 million has been loaned to private elementary and secondary schools. In the years the act has been in effect, the number of language laboratories in public high schools has increased many times over—from 46 in 1958, to at least 10,000 today. More than 479,000 local public school projects have been approved for the acquisition of equipment and materials and for minor remodeling. State education agencies now employ approximately 510 specialists in the 10 eligible subjects, a marked contrast to the 33 specialists employed, when the act was passed, in the three subjects originally specified. For fiscal year 1968, $75.24 million was appropriated for grants to States, $1 million for loans to private schools, $2 million for State administration of the program.

The bill under consideration by this subcommittee provides for the extension of title III for 5 years, through fiscal year 1973. Subject matter limitations would be eliminated, providing a broader base of support for elementary and seconday school instructional programs. In addition, section 12 of the National Foundation on the Arts and Humanities Act would be merged with title III. In instances where States impose requirements for financial participation of title III project applicants, within-State equalization be encouraged. Many States now allow local educational agencies to match Federal funds on a sliding scale based on ability to pay. The amendment would encourage such modifications of the matching requirements and would make a description of such equalization procedures part of the State plan submitted to the Commissioner for approval.

Another amendment would provide that State administrative expenses would be paid out of project funds, thereby enabling the amounts available for State administration to bear a more direct relationship to the amounts expended for equipment and materials.

MERGER OF TITLE III OF NDEA WITH THE ARTS AND HUMANITIES

Senator MORSE. May I interrupt at this point. You note that the administration bill would merge the National Foundation on the Arts and Humanities equipment program with the equipment program of title III of NDEA. That is right; isn't it?

Mr. HOWE. Yes, sir.

Senator MORSE. What troubles me with your suggestion is that budget requests for title III have been cut from an appropriation of $75 to $17 million. That is what troubles me through the consideration of this whole legislative program. I am all for passing the legislation, not contrary to the beliefs of some, the fact is that the senior Senator from Oregon is trying to strengthen the hand of the administration. But to do it, it is going to have to have great changes in its foreign policies.

Be that as it may, it worries me to have you propose that we have this merger when nothing is said here regarding the fiscal results. Seventeen million dollars is quite a cut from $75 million. I note also that you are requesting that the State administrative expenses be paid out of project funds. Does this mean that you do not plan to request funding the authorization for title III, NDEA State supervisory services, that you object to our retaining that authorization, appropriating for it, and in addition providing for additional funds from project sources for additional State supervisory services?

Mr. HOWE. If I get your question correctly, Senator Morse, I think my response would be——

Senator MORSE. I am going to send the question down to you so you can respond to it.

Mr. HOWE. That would be helpful. Let me just say that what we are intending to do here is to move in the direction of fewer and broader authorizations, and easier administrative arrangements both for ourselves and for States and for local school districts.

This Arts and Humanities program has had a limitation of I believe a half million dollars. It has been a very small program. It seems to us wise to merge it with very similar purposes in title III, and to allow local school people to have their options about the kind of expenditures they would make, including the Arts and Humanities.

Because we have another program which supports state departments of education in their administrative activities, we see some advantage in focusing our major special appropriation in that program, Title V of the Elementary-Secondary Education Act. As I understand this provision, if there are special costs for administration, they would come out of project funds.

Now I would like to comment further on your detailed question, if I may, in a letter to the committee.

ADMINISTRATIVE EXPENSES FOR TITLE III OF NDEA

Senator MORSE. You may. I want you to. But it seems to me you say "Another amendment would provide that State administrative expenses would be paid out of project funds, thereby enabling the amounts available for State administration to bear a more direct relationship to the amounts expended for equipment and materials."

Are not we bound, as Senators, to be hearing from our State administrators in objection to that amendment? For, if in fact there is a reduction in what they have been getting, when you transfer administrative costs that have been paid at the Federal level to the State level, thereby taking it out of the money for the projects themselves, is not this really a concealed cut, and not too concealed either. Am I right or wrong?

Mr. HOWE. It seems to me that we have support from State and local people. For instance, project funds are used to carry administrative

expenses in a program like title I of the Elementary-Secondary Education Act. I know of no major objections that have been raised or concerns that have been expressed that there should be a separate program for administrative costs. There is certainly a direct relationship between the scope and relationship of projects and the administrative costs for them.

You may have more information than I at this point about the response of school people to this suggestion. We would be happy to explore it with you.

Senator MORSE. Under your present law, if these projects are granted to State administration, all the money goes for the projects and administrative costs are borne by the Federal Government from funds not related to the project funds. Are the funds not related to the project funds?

Mr. HOWE. It is a separate administrative proposition now.

Senator MORSE. By the Federal Government?

Mr. HOWE. Yes, sir.

Senator MORSE. The result is the Department pays the administrative cost. This amendment proposes that you do away with that separate appropriation fund for administrative costs, and say to the states, "You will pay for the administration costs by withholding a certain amount or percentage of the project funds." The present language of the statute reads "There are also authorized to be appropriated $5 million for the fiscal year ending June 30, 1959 and for each of the 5 succeeding fiscal years and $10 million for the fiscal year ending June 30, 1965 for each of the 3 succeeding fiscal years for making payments to State educational agencies under this title to carry out the programs as described in paragraph 5 of section 330(a)."

That adds up to me as meaning that we are paying the administrative costs now out of a special appropriation fund. The amendment you recommend would assure that we won't do that any longer. We will pay it out of the funds for the project itself, which will amount really to a reduction of funds to the State officials.

Mr. HOWE. Senator, I think our broad objective is to try to have one major program that goes to States to be used at the discretion of States for administration of Federal programs. This is the kind of think we are trying to mount under title V of the Elementary and Secondary Education Act.

We are recognizing that, in connection with this particular program, there may be some special cost add-ons of administration, and we are allowing people to use project funds for this. But at the same time we are seeking to build into title V a system of comprehensive support, so that States can plan for the best administrative arrangements that they can conceive, and not be limited by small separate packages of money, which has been the tendency under the multiple Federal programs as they have developed.

I think that is a useful long-range objective. Yet we are trying to recognize here that there may be some special cost connected with title III projects, and that they ought to have the option of drawing on additional funds in a limited way.

I think if we can continue to bring about good appropriations under title V, and allow for the kind of special expenditures related to proj-

ects suggested here, we will have a good situation. I recognize, however, the point you raise. There always is a possibility, when you take out a special appropriation, that a need may not be met.

Senator MORSE. I want to raise it for the record. You can supply anything further for the record you care to.

Senator DOMINICK. May I just ask on more question on that?

Senator MORSE. Yes.

BLOCK GRANT PROPOSAL

Senator DOMINICK. I share the concern expressed by the chairman here. I was interested in the commissioner's answer. Do I understand that you are becoming more and more in favor of block grants to the States for educational purposes?

Mr. HOWE. This really involves us a discussion of what you and I may mean by block grants. Certainly in the area of providing funds for State administrative activities, we would much prefer to get those into a block, if that is what you mean by a block. Then State opinions may be exercised for what will represent for the State the best administrative practice. We prefer this to a whole series of small separate authorizations which the States tend not to comprehensively plan for, because they come in separate packages with separate guidelines, with separate dates attached to them, and with a whole variety of other arrangements in separate pieces of legislation.

This is not, however, reaching for block grants, in terms of providing such grants for what people sometimes call general aid. We are rather trying to bring together in broad purposes the administration grants we give, the programs that we might mount for teacher training, or other special-purpose programs.

Senator DOMINICK. I just thought I would use this opportunity to put a slow needle into you.

STATE ADMINISTRATION SUPERVISORY SERVICES

Senator MORSE. We do have correspondence expressing concern over the possible merger of title III and title V of ESEA. The gravamen of the correspondence goes that under title V authority no money would be earmarked from title III NDEA supervisory services. There is the fear that they will lose that and suffer from it. I think we ought to look in to see whether or nor they are right about that. I would like to have counsel digest that correspondence and send it to you, so that you can give us the specific answer.

They are afraid that this merger will not result in any money being earmarked for title III NDEA supervisory work.

Mr. HOWE. We will certainly examine the detailed effects, and work with you on the problems that may be involved, Senator.

Since private schools seeking loans under title III are not distributed geographically across the country, the loan allotment formula would be repealed, and all applications would receive equal consideration. American-sponsored schools which provide services to American children abroad currently are ineligible to benefit from title III's provisions. Under the amendments they would be made eligible to apply for loans.

DISTRIBUTION OF STUDENT ASSISTANCE FUNDS

Senator YARBOROUGH. Mr. Chairman, before the Commissioner goes to the next page, which deals with title IV, I have an observation there on title III, that recommendation that he makes that this geographical formula be repealed.

Mr. Commissioner, I will look with a jaundiced eye at that because of what has happened to the schools in my area under the administration of the Office of Education under the Elementary and Secondary Education Act where evidence is shown that you have allocated per pupil in Appalachia, one of the poorest areas of the Nation, a little over $100 per student and you have allocated in Westchester County, N.Y., one of the richest counties in the Nation, over $400 per student per year, and this kind of discriminatory thing would lead me to look very carefully and cautiously at any recommendation that you make that the geographical distribution be destroyed and that you be free to put the money in where you want to. My section has suffered by what I think—I don't think you have had that free license under the law to put it anywhere you want to. I think the Office of Education has done that with a bunch of these education bills to the detriment of my section, and even worse to the Old South States, even worse than in our Southwestern States.

Mr. HOWE. Let me say, Senator, that wherever there has been in law a requirement for allocation, we have, of course, met it. This suggestion here relates only to the loan program for private schools, a program which has been utilized on a very limited basis by private schools. Many of the allocations that have been made available to States under this private school loan program have gone unused.

This may have something to do with the fact that private schools are distributed around the United States, largely without regard to population, probably as a result of the history of their development. Perhaps this suggestion will allow them to make more effective use of the loan funds available.

Continuing, Mr. Chairman——

Senator DOMINICK. Mr. Chairman, could I ask a question before he continues?

Senator MORSE. Yes.

AMERICAN-SPONSORED SCHOOLS ABROAD

Senator DOMINICK. You say, "American-sponsored schools which provide services to American children abroad currently are ineligible to benefit from title III's provisions."

Mr. HOWE. That is just the loan provisions.

Senator DOMINICK. But over here in section 305(b), it says here the Commissioner shall give priority to those schools outside of the United States primarily to children of American citizens.

Mr. HOWE. That is our new proposal.

Senator DOMINICK. So you are going to give them priority as opposed to equal treatment. I was concerned with the word "priority." I just wanted to find out why you were going to hand them a priority.

Mr. HOWE. I think the way it is phrased, and perhaps the phrasing needs to be changed, Senator, the priority goes to those among the

schools abroad that have the largest proportion of American citizen students. It is not a priority for the schools abroad as opposed to private schools in the United States.

Senator DOMINICK. I see. Maybe we had better work on the language.

Mr. HOWE. If the language doesn't make that clear, we ought to do that.

TITLE IV OF NDEA

Continuing, Mr. Chairman, title IV of the NDEA, the graduate fellowship program, has a dual purpose: to increase the number of well-qualified college and university teachers and to develop and expand the capacity of doctoral study facilities throughout the country. The need for additional college and university teachers is well documented. Enrollments in institutions of higher education are expected to expand from 6 million in 1968 to 9 million in 1975. Approximately 610,000 new full-time-equivalent professional staff members will be needed to teach these growing numbers of students.

During the 1967–68 academic year, more than 90 percent (199) of all institutions authorized to award the doctorate will have active title IV fellowship programs. For fiscal year 1968, $86.6 million was appropriated to cover the cost of 3,328 new graduate fellowships, plus some 12,000 awards continuing from previous years.

S. 3098 would extend title IV for 5 years, through fiscal year 1973. To add flexibility to the program, it is proposed that the Commissioner be given discretion to grant 4-year fellowships in special circumstances. In addition, stipends awarded the graduate fellows, instead of being fixed in amount, would be set by the Commissioner consistent with prevailing practices under comparable federally supported programs, thus insuring a greater degree of uniformity among roughly equivalent programs. I will discuss at later point in this testimony the proposal to increase the institutional grant accompanying the fellowship to an amount consistent with the high cost of graduate education.

Senator YARBOROUGH. Mr. Commissioner, just one moment. I think title IV of NDEA, the graduate fellowships title is one of the provisions of the NDEA, I regret very much that it was the action of the Congress last year that cut down the graduate fellowships, the Appropriations Committee, which whacked those in two. I think it is a tragedy for American education.

Mr. HOWE. We would agree with you in that observation, Senator. They cut our request in that regard.

Senator YARBOROUGH. It wasn't your fault; you get blamed for a lot but I want to give you credit now. That is where the Congress cut the number, I believe, from 63,000, wasn't it?

Mr. HOWE. They took $10 million out of it and put it into junior college construction.

Senator YARBOROUGH. Into the junior college construction. I think it is tragic that this number was cut back. I will take the blame for the Congress' part of this at this point. But I want to ask you if we draft all these graduates into the Army June 1, do you need this money next year?

Mr. HOWE. I think there is likely to be some real difficulty in the graduate schools in September, if the draft law continues as it is now set up.

Senator YARBOROUGH. I am not suggesting a cutback. We hope to fill them up in some other way.

Mr. HOWE. But I think that there will be——

Senator YARBOROUGH. I have many letters from deans and presidents of colleges and others interested in higher education as to the great damage that will be done in graduate schools, not merely to individual students, but to these graduate schools themselves, particularly the ones with smaller graduate programs, not the few great institutions that have graduate programs that have been recognized for generations, but those that might yet develop graduate programs. I think it will practically wreck their programs.

Mr. HOWE. Of course, one of the things that will happen is that many more of the fellowship winners will be women.

Senator YARBOROUGH. That is true. I think we ought to appropriate the money and give the ladies a chance to earn some dollars.

Senator MORSE. The chairman has a suggestion to make to the Commissioner. You say, "In addition, stipends awarded the graduate fellows, instead of being fixed in amount, could be set by the Commissioner consistent with prevailing practices under comparable federally supported programs, thus insuring a greater degree of uniformity among roughly equivalent programs."

I think we need an exhibit at this point. I would like to have you prepare a table showing roughly what the equivalent programs are and what the amounts of grants and loans under them are. I think here again we may be concerned or fearful that the grant of this discretion may be upsetting to their needs. I don't know what the facts are. I would like to have the objective data in the record and such an exhibit would help.

TITLE V OF NDEA

Mr. HOWE. We would be happy to do that. I would like to point out, Mr. Chairman, that our purpose here is to try to bring more order than there is into the variety of Federal fellowship pograms. We would like to inject some common elements of planning and to get rid of some of the undesirable features of shopping around for the best fellowship from a variety of fellowship sources. We would also like to eliminate some of the problems attendant upon favoring one subject field over another because of different levels of stipend award. That sort of thing might be handled by this provision if it is enacted.

Moving to title V, title V of NDEA is divided into two parts. Part A supports programs in guidance, counseling, and testing, identification, and encouragement of able students. Its purpose is to assist in establishing and maintaining programs of guidance, counseling, and testing in elementary and secondary schools, junior colleges, and technical institutes. Since fiscal year 1959, grants to the States of more than $121 million have helped bring the number of secondary school counselors from a full-time equivalent of 12,000 to the equivalent of 37,800 full-time counselors. Each year, in addition to those working in regular public elementary and secondary schools, junior colleges, and technical institutes, there were counselors working in

public institutions such as schools for the deaf and the blind, college and university laboratory schools, correctional institutions, and schools operated as part of mental institutions. For fiscal year 1968, $24.5 million was appropriated to support guidance, counseling, and testing activities.

Part B of title V authorizes institutes for persons who are working or planning to work in the fields of counseling and guidance. By the end of the 1967–68 academic year, almost 21,000 counselors and teachers preparing to be counselors will have attended 658 institutes to improve their capabilities. During the summer of 1968 and the 1968-69 academic year, more than 1,200 counselors and prospective counselors will attend institute programs at 39 institutions of higher education. for fiscal year 1968, $7.25 million was appropriated for the support of guidance and counseling institutes.

The bill under consideration would extend title V–A for 5 years, through fiscal year 1973. Although title V–B expires at the end of this fiscal year, its extension is not requested, and it was incorporated into the Education Professions Development Act of 1967—Public Law 90–35.

A critical need for specialists in foreign languages and related studies existed in 1959, when the first fellowships were awarded under title VI of NDEA. Since that time, more than 10,000 fellowships have been awarded to graduate and undergraduate students and to college teachers for the study of 90 foreign languages, ranging from Greek to Cambodian and from Norwegian to Afrikaans. Since 1959, more than $34.5 million has been obligated for such fellowships.

MERGER OF TITLE V–B OF NDEA WITH EPDA

Senator MORSE. You say that title V–B, guidance and counseling institutes, will not be extended beyond the present fiscal year. It will be merged with the Educational Professions Development Act. This poses the problem I raised a few moments ago of the difference between the format of the legislation and the money to be provided since the appropriation request is almost $100 million less than the amount authorized by the Education Professions Development Act. Is there any guarantee that guidance and counseling institutes will receive the $24.5 million in fiscal 1969, as you point out? You say, "In fiscal 1969, $24.5 million was appropriated to support guidance counseling and testing activities."

What can we look forward to in 1969, if you merge the guidance and counseling institutes, and at the same time subject the country to $100 million less in appropriation?

Mr. HOWE. Senator, you are quite correct that there is a disparity between appropriations and authorization here, but I would point out that the President's budget for fiscal year 1969, for all of the activities embraced within the Education Professions Development Act, is $70 million larger than it is for fiscal year 1968. Therefore, I think we can say that the levels of activity in support of guidance and testing and counseling will be as large as they have been in fiscal year 1968 and that perhaps there will be added opportunities through that $70 million increase for additional support. That $70 million increase embraces about $20 million for the enlargement of the Teachers Corps;

the remaining $50 million is for a variety of other teacher training activities which will give us new options for institutes and a variety of other purposes.

Senator MORSE. That is very helpful to the chairman. It is the most hopeful testimony I have received from you this morning in regard to appropriations.

Perhaps we can get the administration to follow that precedent on down the line.

Mr. HOWE. Perhaps I ought to add in view of all the things that have been said about our appropriations this morning that the level of expenditure that the Office of Education will have in fiscal year 1969, if the Congress appropriates what the President is asking the Congress for, will be some $200 million above the level of expenditure for fiscal year 1969.

In other words, we are not standing still in education. We are not moving ahead as much as we have in some previous year, but we are doing more than simply maintaining programs.

It seems to me that this ought to be a part of the record here, in view of some of the concerns that have been expressed.

IMPOUNDING OF FUNDS

Senator MORSE. I want it as part of the record. I want to applaud it as far as it goes, although you have to subtract from that what the administration is impounding and freezing for this year. We want to learn from the past. I do not know why I should sit here and applaud too strongly your statement that they are requesting appropriation of $200 million more next year than this year when I have to live under the possibilty of further freezing and impounding practices on the part of the administration.

We appropriate and the administration freezes. That is what confronts us in these domestic programs.

But you don't make me too encouraged, Mr. Commissioner, when you tell me the request for appropriation is $200 million. I would like to have the President tell the American people what his plans are after he gets the appropriation. To impound them?

They don't seem to know what their left hand does in comparison with the right. They ask for these appropriations so they can say, "Look, we are moving along with the Great Society, and then we impound the funds."

That is what has happened, and the loss of confidence is increasing in numbers with those of us up here. It is a sad thing. I think that the bridge ought to be started to be built between the White House and the Congress by putting in the first pillars of the foundation down at the other end of Pennsylvania Avenue.

I am sorry to have to say this.

Here is this growing lack of confidence between the Congress and the White House.

The message on housing sounds good. But what are they going to do about freezing the funds? With the great housing shortage, we have had to battle away up here for more than a year now to get funds released for housing. That is what bothers us, Mr. Commissioner. It is not your fault. I am not asking you to involve yourself in this matter.

But when you tell me you are asking for $200 million more, the President, in this budget, doesn't give me any assurance that the $200 million if it is appropriated will be allowed to be spent.

I told you earlier this morning the reason is the war, and foreign expenditures. Let this administration face up to the fact that many of us are not going to stand by and vote these foreign expenditures outside of Vietnam and cut back in our domestic needs here.

This is the great debate that is going to go on. I just do not want this record to close at any point with any assurance from you, representing the administration, that I am going to take confidence in the actions of the administration that it is asking for $200 million more than this year. I have no confidence in that at all, judging by what they have already done with funds appropriated in the past.

Senator DOMINICK. Will the Chair yield for another observation on that?

I am informed that we have at least three projects where funds have been frozen under Public Law 815, the very areas where funds are especially needed because of the impact in that area of Federal employees due to the Vietnam war, and the funds have just been frozen. You can't get the school built to take care of the people that the Federal Government is sending in.

This leaves some doubt as to what they are doing in the educational field. Are we really trying to meet our needs in this area? I don't blame the Commissioner here, as I am sure he is not responsible for the freeze.

Senator MORSE. The Commissioner, with his typical cooperation with the committee, has assured the Chairman earlier this morning that he is going to supply us with a memorandum dealing with this whole matter of the impounding of education funds.

Senator YARBOROUGH. Mr. Commissioner, you state, as the chairman has just brought up, "Title V–B expires at the end of this fiscal year, its extension is not requested, as it was incorporated into the Education Professions Development Act of 1967—Public Law 9–35."

EXPIRATION OF TITLE XI OF NDEA

You say title XI expires at the end of this fiscal year and its extension is not being requested as it was incorporated in the Education Professions Development Act of 1967.

In the preceding two sentences you point out that by the end of this year approximately 61,300 teachers and other educational personnel will have attended 1,565 institutes under title XI, and for the fiscal year 1968, $30 million was appropriated for institutes for advance study.

I have been advised by the educators in my State that these institutes have been of tremendous value in upgrading the capabilities of the people in education, have been of great value, because you take a professional educator and you give him the little extra training he needs to bring him out of the routine into good or out of the good into excellent.

I want to know, I am not going to stop to ask that now, but since it ties right in, what plans you have for continuing these programs under this 1967 act. We want to know what guidelines, we want definite promises, definite regulations, we want to tie it down in the hear-

ings here, for before I would be willing to abolish these, I would want to know what is being done.

Under these titles, under V–B and XI, I have just given in the previous question the number of these institutes that have been held in my State and you have had a gradual phaseout in my State already. You have a decline every succeeding year for the past 4 years, these teacher institutes going down from 1,191 participants in 1965 to 414 in 1968. It seems to me that the Office of Education is already carrying out a plan to phase them out and kill them. And I just think that is one of the very fine programs under the National Defense Education Act, taking these teachers into summer institutes. They want to improve; most professional people want to improve their professional competence in any profession. I have got a jaundiced eye on that, too, killing that program. You are going to put it in something else. You have already killed two-thirds of it in my State, without any authorization from Congress to do it.

Mr. HOWE. Senator, let me say that we thoroughly agree with you about the values of these institutes. They will continue. We have asked for an increase in appropriations for this broad purpose from about a level of $37 million to the approximate level of $58 million between 1968 and 1969. We believe institutes have great value, so I don't think you need to be concerned that the authority for this kind of activity has been shifted over to the Education Professions Development Act.

What we created in that act was a more comprehensive approach to all kinds of teacher preparation and professional preparation activities. I believe it will be helpful to us and will embrace the institutes along with other activities which weren't possible before.

Senator YARBOROUGH. Why were these decreased in Texas from 31 in 1965 to 11 in 1968, with a successive decline each year, reducing the number of participants from 1,911 in 1965 to 414 in 1968?

Mr. HOWE. I will have to check for you into the situation.

Senator YARBOROUGH. Your total overall moneys were not decreased by that proportion each year, were they?

Mr. HOWE. No; that is certainly not the case.

Senator YARBOROUGH. You reduced the amount of the award obligations from $1,670,000 in 1965 to $613,055 in 1968. You cut about two-thirds of the money, two-thirds of the institutes and two-thirds of the participants off in numbers.

Mr. HOWE. I would be happy to review the situation in Texas and give you a more definitive response which I can't do right now.

Senator YARBOROUGH. I know it. Without waiting for a full response, we will have another hearing of this subcommittee on Wednesday morning. By then I would like to have another letter, just for the whole Nation. I know you haven't had time to break it down in States but give me a letter on this for these 4 years, how many institutes over the Nation and how much money was cut back for fiscal year 1965, 1966, 1967, and 1968, similar to a letter I have on my State, Texas. Will you let me have that by Wednesday morning, please, and I would like to have it State by State as soon as possible.

Senator MORSE. Commissioner, we will have a hearing Wednesday, but if it meets with your convenience, you are not going to be able to finish by 12:30 today, could you come back at 9 tomorrow morning? We are having a full committee hearing at 10:30. That would give

us an hour and a half to continue, because we are under great time pressure. Could you come back at 9 in the morning? That only gives us an hour and a half, but I think we can get through with your statement in that time.

Mr. HOWE. Fine. I will be happy to, Mr. Chairman.

Shall I go ahead?

Senator MORSE. Yes, I want you to go ahead for another half hour.

Let the record show that we will reconvene at 9 tomorrow morning as we did this morning.

MEMORANDUM ON INSTITUTES

I have one more request on the point that we have under consideration now. I want you to prepare a letter or a memorandum for the record in answer to this question. Will you be able to fund all present institutes under both title XI NDEA and title V–B NDEA, the levels of enrollment at least equal under the current year, and hopefully you will have x dollars extra for other institutes. At this point are there any changes in the criteria standards to be used in passing on applications for institutes contemplated? If so, could you detail these in the supporting memorandum? Mr. Lee, for the subcommittee, will see to it that you are given written requests so that there will be no doubt as to what I want in this memorandum.

Thank you very much.

Senator YARBOROUGH. Mr. Commissioner, on this point of these institutes, under title XI, we in the Congress have spelled out categories of these institutes. Could you let us know your plans—what your categories are going to be if we phase this law out.

In other words, we want to know whether certain categories are to be abolished.

Mr. HOWE. I think you will find, Senator, first of all, in the record in the Education Professions Development Act we have made it clear we have no intention of abandoning the categories that had previously been listed in the legislation we are talking about here; that those were the center of the school curriculum, and obviously would have to be continued as a major emphasis.

I think you will also find it in the record of that testimony that we committed ourselves to the same levels of support when the Education Professions Development Act came into being, as we had in previous years for the listed subject fields that were there.

I think what we gained by that act is the possibility of adding new important areas of interest, for example, the training of administrators which was not listed as one of the fields concerned, and which is an important area of leverage in education to bring about a constructive change.

I feel sure that the memorandum that Senator Morse has asked us for will allay many concerns, and we will certainly produce it just as rapidly as possible.

TITLE VI OF NDEA

Title VI, which I was addressing myself to, also supports language and area centers, each focusing on a specific geographic region and offering instruction in its major languages and cultures. Since 1959,

more than $25 million in Federal assistance has supported 106 language and area centers at 63 colleges and universities. Special emphasis is placed on these languages and civilizations in which instruction has been most inadequate and on a number of "critical" languages.

Title VI language and area centers enroll most of the students of foreign languages and cultures in the United States. It is estimated that 500 doctorates and 1,350 masters degrees were earned at these centers in 1965–66. For fiscal year 1968, approximately $12.7 million was appropriated for title IV fellowships and language and area centers.

Title VI also supports research and studies in modern foreign languages. Since 1959, nearly 500 language research and study contracts have been awarded. In fiscal year 1967, 57 new grants were made, and 15 research projects received continued support, at a total cost of $2.8 million. Of this sum, nearly $300,000 was obligated for research in the methodology of foreign language teaching; more than $900,000 was devoted to the development of teaching materials for uncommon languages; and $350,000 was spent in developing an ERIC clearinghouse for modern foreign language research. For fiscal year 1968, $3 million was appropriated for foreign language research.

S. 3098 recommends the extension of title VI for 5 years, through fiscal year 1973. No amendments are proposed to the programs authorized by the title.

TITLE VII OF NDEA

The research program authorized by title VII provides the means for adapting such communications media as television, motion pictures, radio, and programed self-instruction to the improvement of education in our schools. Since fiscal year 1959, more than $40 million has been obligated for research and dissemination activities. Approximately 690 research and dissemination projects have been funded under contracts with more than 300 institutions, agencies, and individuals. Projects carried out under this program have included the development of machines to teach vocabulary to deaf children and to improve the arithmetic skills of mentally retarded children, and the use of tape recordings to teach Russian to U.S. Naval Reserve officers. The appropriation for fiscal year 1968 for media research and dissemination activities is $4.4 million.

We are not requesting extension of the authorization for title VII. Its activities may be carried out under the broader authority of the Cooperative Research Act.

We will, of course, Mr. Chairman, continue to budget for those activities as a line item in cooperative research.

TITLES VIII AND IX OF NDEA

Titles VIII and IX are not involved in the proposed Higher Education Amendments of 1968. Title VIII authorized area vocational education programs, and was enacted as title III of the George-Barden Act of 1946. Title IX established a Science Information Service to coordinate and improve methods of disseminating information in the sciences. This activity is carried out by the National Science Foundation.

TITLE X OF NDEA

Title X provides grants to State educational agencies to improve the adequacy and reliability of educational statistics and the methods for collecting, processing, and disseminating such data. For fiscal year 1968, funds for these purposes were included in the $30 million appropriated for activities under title V of the Elementary and Secondary Education Act of 1965—strengthening State educational agencies. For this reason, no extension of this section of the title is requested. Technical amendments to other parts of the title provide for participation of the Trust Territory of the Pacific Islands, for schools of the Department of the Interior for Indian children, and for overseas dependents schools of the Department of Defense in the program authorized under other titles of NDEA.

TITLE XI OF NDEA

As enacted in 1958, NDEA authorized institutes in modern foreign languages and English taught as a second language. In 1964, a new title, Training Institutes, was established, and the program was expanded to include a selected range of vital fields—English, reading, history, geography, disadvantaged youth, and educational media specialists. Amendments contained in the Higher Education Act of 1965 added economics, civics, and industrial arts to the areas of specialization. By amendment in the International Education Act of 1966, institutes were authorized in the field of international affairs. By the end of this year, approximately 61,300 teachers and other educational personnel will have attended 1,565 institutes under title XI, at a total cost of more than $92 million. For fiscal year 1968, $30 million was appropriated for institutes for advanced study.

Title XI expires at the end of this fiscal year. Its extension is not being requested, as it was incorporated into the Education Professions Development Act of 1967—Public Law 90–35.

This is, of course, Mr. Chairman, the section Senator Yarborough asked about a moment ago, and we will provide the responses that both you and he requested in further detail here.

Senator MORSE. One brief interruption, going back to page 10 where you give a listing of the disadvantaged youth. Doesn't that also cover the handicapped?

Mr. HOWE. Yes, I am told it does.

Senator MORSE. Go ahead.

Mr. HOWE. So much for the National Defense Education Act.

EXTENSION OF THE HIGHER EDUCATION ACT OF 1965

This year we are similarly seeking the expansion and extension of the various programs of the Higher Education Act of 1965. Over the past 2½ years, students and colleges, citizens and their communities, have felt the impact of increased Federal assistance to higher education. Projects have ranged from community service to the minor remodeling of college facilities. The authorized programs of the Higher Education Act, coupled with the construction projects under

the Higher Education Facilities Act, have become part of an essential package of assistance to institutions of higher learning. In this age which calls for a total commitment and involvement of all the Nation's resources in bringing about the full development of the country's potential, the Higher Education Act stands as one of the vital bases for such a commitment.

TITLE I OF THE HIGHER EDUCATION ACT

Some of the actual projects carried out last year illustrate the manner in which the Higher Education Act is rapidly increasing the number of persons affected by higher education. Title I of the act provided funds to help solve community problems and to meet the continuing education needs of those whose formal education has been terminated or interrupted. During fiscal year 1967, 314 colleges and universities developed 602 projects in 53 States and territories. These projects, serving 425,000 persons, were supported by more than $12 million in Federal and local funds. Nearly 60 percent of the programs supported by title I dealt with the problems of the city; another 15 percent were directed toward the solution of problems common to urban and suburban areas.

In Missouri, the urban housing program developed by Washington University is providing educational and consultative service to tenants, property owners, realtors, and government personnel concerned with achieving a fair and adequate supply of housing. The program also works closely with social welfare and antipoverty agencies and community groups that deal with the housing needs of low- and moderate-income families. The program aims to help participants understand and utilize the programs and legal processes through which improved housing can be obtained. In 1966, the urban housing program received $22,377 in Federal funds. Because of its success, the Missouri State agency renewed the program for fiscal year 1967.

In Ohio, four colleges—Antioch College, Central State University, the University of Dayton, and the Wright State Campus in Dayton—have organized a training program for teams of persons working with juvenile offenders. Law enforcement officers, probation staff, and school personnel, as well as juvenile court judges, were placed on teams of four to six persons from each community. They attended 10 weekly sessions of discussions, lectures, and field work. The team concept provided the participants the opportunity to work together and develop common solutions to this urban problem, thereby developing a more adequate community approach to juvenile rehabilitation.

Across the Nation, 26 percent of the programs supported by title I are directed toward the problems of government; 8 percent deal with problems of poverty; 14 percent are concerned with community development; 10 percent are concerned with health problems. Because of such emphasis, title I is the program on which rests the challenge of utilizing all available means to overcome the physical and educational needs of a growing and increasingly urban population. In fiscal year 1968, $10 million was appropriated for university community services programs.

(Discussion off the record.)

Senator MORSE. Mr. Commissioner, what language in the bill would give you as Commissioner of Education the same authority over the Department of the Interior that a chief State officer has over a local school district? Why shouldn't we guarantee in this bill that the Office of Education should have authority in regard to the schools in the trust territory to the degree necessary to guarantee quality education, leaving the Department of the Interior the administrative responsibility of carrying out the criteria?

I don't see why we should provide the funds with no strings attached so as to deny raising of the standards if they need it and I am satisfied that they do. What would be wrong in putting language in to that effect?

Mr. HOWE. Mr. Chairman, I think that the kind of relationship that the Office of Education is developing, and has been developing for the past several years—with Interior about the Indian schools, with Defense about some of the Defense schools—is a very healthy relationship. We are increasingly consulted. We are able to be helpful about the effective use of Federal programs which we administer, although we are not directly involved in administrative responsibility for either Defense or Indian schools. I think we have been useful in other ways, not the least of them being that the Department of the Interior has on at least one occasion raided my office for major administrative personnel, to help run the Indian schools.

I notice, as I sit here, that the Congress is not free of that. There are three gentlemen sitting behind you today who were former employees of the Office of Education.

I think that I would hesitate about giving direct administrative responsibility for operating schools to the office. I would call to your attention that under this change, I believe I am correct that the Department of the Interior would have to submit to us a plan analogous to a State plan.

Isn't that true?

So that we would have a check on matters of planning and quality through the State plan operation.

Administrative transfer involves a very complex series of relationships that I certainly would want to look at in greater depth.

Senator MORSE. It will be satisfactory to me if you can work out whatever relationships with the Department of the Interior that are necessary to give the Congress some assurance that more is going to be done about quality education.

I think you are making some progress in regard to our Indian schools.

Mr. HOWE. There is a long way to go.

Senator MORSE. The subcommittee of this committee is going to have some hearings across the country very shortly, including some in the Pacific Northwest, where trouble has broken out in regard to an Indian school in my State, the Chemawa School. There is some disagreement over on the House side within the Interior Committee as to what ought to be done about that school, as to whether or not it shouldn't be used more as a dormitory facility with some special tutoring pro-

gram for the students, so that they can enter the public schools in that area of the State. One Member of the House alleges that the quality of education is such that we should proceed with integration forthwith.

I am going to wait until the Subcommittee on Indian Education makes its investigation and report before I come to any final opinion about it. I think we are going to have to do a much better job than we are doing in the field of Indian education, in order to meet the increasing criticism that we are getting from the Indians themselves, particularly the Indians who want to be emancipated from the reservation program. They are divided among themselves, as you know, just as some of our colleagues in the Senate assure us that there are some States in the South in which the Negroes want their own schools separates as long as they are equal.

That isn't what the Supreme Court decision of 1964 said. It doesn't meet the constitutional guarantees. It is Government policy to see to it that the constitutional guarantees be carried out whether the recipients want them carried out or not.

That is the growing feeling among our Indian population. This split exists between the Indians who want the reservation control ended and the older generation who in some instances want it continued.

I have made my point, I commend you for the improvement that has taken place under the guidelines that you in effect mentioned here this morning. It is a question of whether or not we are moving fast enough in the field of Indian education.

So I would have you at least take a good long hard look at this, and see, in view of the point that Senator Yarborough has raised, whether we should not be given some assurance in this legislation that the procedures are there that will assure in the trust territories that the Department of Interior has to meet criteria of excellence in order to be allowed to administer the schools.

Senator YARBOROUGH. Mr. Commissioner, we have been pretty sharply critical on some points here this morning with the Office of Education. I just want to assure you that that is not all, from what I saw in the trust territories.

It would be a great beacon of light if the Office of Education had a little jurisdiction there. I have no doubt that things would improve. I am glad there are the provisions for at least consulting and advising with the people who have been administering the program. Hopefully, the thing will improve, as far as it goes and as far as the Congress goes if you consult about this.

Mr. HOWE. I hope we can be helpful to the Department of Interior with any education problems there. I have not had the opportunity to visit personally as you have. The last time I visited Kwajalein was at the invasion of that island which I think was in 1943.

Senator YARBOROUGH. I have been through Kwajalein in 1946 on the way back from occupation duty in Japan. I was there again the next time in 1964.

(Discussion off the record.)

Mr. HOWE. Mr. Chairman, I was commenting on title I of the Higher Education Act.

S. 3098 extends title I for 5 years, through fiscal year 1973. The present rate of 75 percent Federal and 25 percent non-Federal shares

would be continued through fiscal year 1969. Retention of such present matching requirements will allow the community service and continuing education program to continue to grow. In addition, up to 10 percent of the sums appropriated would be set aside for the support of experimental or pilot projects. In the past, many proposals have been judged worthy of funding but impossible to justify as part of a State plan, since they were regional or national in scope. The set-aside would allow State officials to forward for consideration those proposals which would be of benefit in developing community service and continuing education programs of value to the entire Nation.

Senator MORSE. Mr. Commissioner, I have one question to ask you at this point and then we will recess until 9 o'clock tomorrow morning.

TEN-PERCENT SET-ASIDE FOR THE COMMISSIONER

This last point regards the 10-percent set-aside for experimental or pilot projects under title I of the Higher Education Act. Would you submit for the record the complete justification of this provision together with the number of examples of the types of projects to be funded. It will need justification if the Senate adopts this amendment. Counsel advises me the House rejected a similar provision in 1965. I think we have got to build up a case here in support of this amendment.

I want to thank you very much.

NATIONAL TEACHING FELLOWSHIPS

I have a question from Senator Murphy that I will read. Counsel gave me a copy of it. We would like to have you ready to comment on it tomorrow morning. It reads as follows:

> Section 305, National Teaching Fellowship Section was designed to encourage individuals to teach at developing institutions. What is the average length of stay of recipients of these teaching fellowships in developing institutions? Would you support a requirement that participants under this program teach a fixed period at developing institutions? If they did not, we could require repayment of the fellowship cost.

You may comment on that tomorrow.

Counsel will see that the Commissioner gets a copy of this.

Thank you very much for your patience. Thank you very much for the thoroughness of your testimony.

Also, may I say thank you very much for your understanding because I think you are well aware of the fact that we have a very, very difficult series of bills to handle. The chairman has tried to be very frank and honest and objective with you. You represent the administration. The administration is going to be in serious trouble in the full committee and on the floor if the only choice that they give you is a denial to the young of this country of the educational opportunities in a time of crisis. That hundreds of thousands of young people will not become a lost generation, is my concern.

If we do not supply the education to this younger generation during this crisis, they are going to be lost as far as having the opportunity to develop their intellectual potential. As I said this morning, I will give no support to this administration in a budget proposal for 1969 which drastically cuts back these educational funds. Then it puts us

in the position of running the risk of freezing what we do appropriate while we appropriate over $80 billion for defense programs abroad. I am not going to vote any money to kill these boys in Vietnam either. I have not voted a cent to kill them yet, and I don't intend to vote a cent to kill them. I am going to continue to urge the application of the check of the purse strings. That is the only way that you will ever bring this administration to its senses, in my judgment, in regard to foreign policy; or let the President send up a war message.

I would vote against a declaration of war if he sent it up on the basis of what I know the facts to be.

This is the great debate. It is going to be involved in this legislation, it is going to be involved in other domestic legislation. We are going to get this resolved.

The American people are going to have to do the answering. I think that answer will be in November. I hope we can have a change in policy so that my President will not have to be confronted with the possibility of a negative answer in November.

At this point in the record I order printed prepared statements and other pertinent material submitted by persons unable to testify at the hearing.

(The material referred to follows:)

PREPARED STATEMENT OF HON. VANCE HARTKE, A U.S. SENATOR FROM THE STATE OF INDIANA

The expanding movement toward installation of cooperative education on a wide variety of campuses throughout the country is one which deserves support from the Education Subcommittee and its parent Labor and Public Welfare Committee, and from the Congress. For a truly small amount of money authorized and expended, we have the opportunity to encourage the development of an educational structure in higher education which at one and the same time provides both self-help opportunities for students and a better, more effective education.

Because it is my firm conviction that there is a challenging need and opportunity to strengthen higher education by the encouragement of the industry-institution cooperative principle, I introduced, together with Senator Kuchel and 15 other cosponsors, S. 1736 on May 10, 1967. Let me explain some of the reasons why this measure should be incorporated into the Higher Education Act amendments.

First, there is the educational benefit to be derived. I put this point first deliberately, rather than stressing first the economic aspects of self-help for the student. I do so because in so many ways it is the more important of the two.

To capsulize the educational benefit, to which others in the direct line of cooperative education day-to-day operation have testified, the academic course work "comes alive" for students who find themselves correlating classroom learning with practical on-the-job experience of the kind of situations they will face in their later careers. There is added meaning given to the classroom in this way, and a heightened degree of learning absorption. To anyone who is aware of the psychological principles of learning, it is obvious that the "learning by doing"

pragmatism of the workplace fleshes out the abstractions of the ivory tower to their mutual benefit.

Then, too, there is a desirable application of what the philosopher William Hocking called the "principle of alternation." The periods of classroom concentration are broken and made more intensive for the change by the alternating periods of scene changing to the environment of the "real" world of full-time employment. The perspective shifts, and the whole experience takes on the hue of a more balanced approach to the same problems, seen from the complementary poles of the theoretical and the practical application of theory. As I am sure witnesses have testified, the result is a much better preparation by the student to step into a job without missing a stride after his graduation, while many in the more common educational tradition find themselves floundering for a while as they try to adjust to an unfamiliar environment.

These factors are of particular importance as we seek to provide greater opportunities for participation by minority group members in the full scope of American industrial and commercial life. A leading company's college recruiter has pointed out that 70 percent of minority group college graduates choose teaching as a career. The benefits of cooperative education are especially strong in encouraging a broader scope of career examination. As. Dr. Rembert Stokes, president of Wilberforce College, has noted, one result of the cooperative work-study experience for students such as those who make up most of the Wilberforce enrollment is to dispel "doubt and disbelief that real, new career opportunities exist."

Dr. Stokes has also pointed out that practical achievement brings a new pride and belief in oneself; that the alternation of work and study brings "greater facility for understanding how to live effectively in a complex society," and that successful achievement through work-study campus-employer relations leads more students to preparation for higher professional careers than would otherwise attempt them.

Further, to take the other major aspect of the benefits—the economic advantage—there is again a psychology which is of particular assistance in stimulating the capable youth from a lowly economic stratum. For those whose income and experience is measured in tens of dollars while others deal with hundreds, indebtedness is often something to be feared and avoided. If there are insufficient savings, as is common under such circumstances, and if scholarship and direct aid is insufficient, there is a timidity about borrowing for school. There is fear that graduation—and often that goal looks very distant indeed—will not necessarily be the open sesame to a job with income sufficient to repay indebtedness. Rather, it may be a millstone around the neck of the graduate.

So the opportunity to earn is a vast encouragement to a group of potential contributors to society, young men and women with ample abilities but subject to possible constriction of them and their loss to the Nation in practical result, a group who collectively earned $95 million last year. For the 56,000 students in cooperative education programs at 112 institutions in 1967–68, this means an average self-help of about $1,900. To a great many, this makes the difference between continuing their education and forgoing it for economic reasons.

I have not attempted to go into the details of the bill I have offered, or even referred to the amendment to this bill which I have presented in a somewhat modified—and I believe improved—version of the original. The later version, adding a new part D to title IV of the Higher Education Act of 1965, has been worked out in cooperation with the Office of Education. Through its provision of funds for a 5-year program of assistance to institutions for planning, establishing, expanding, or carrying out cooperative education programs, and for research and training grants in the field, opportunities will be increased significantly.

Many institutions have expressed a desire to join in this type of education. Even without the assistance proposed here, the list of those with such programs has risen in 1968 to 119 at present while the enrollment has reached a total of 61,000. But with institutions such as Indiana Institute of Technology struggling to meet budgets, the opportunity for useful expansion, if only some assistance can be provided, is great. That Fort Wayne school, with about 1,200 enrollment, has around 100 participants in its 5-year-old cooperative education program. But the potential for expansion is indicated by the fact that of the anticipated freshman class of around 300 this fall, some 60 percent have indicated that they would like to be in the cooperative program. In addition, President Edward Dugan of that school has informed me that they now have some 100 firms on their waiting list ready to cooperate with an expanded program.

For such schools as these, the opportunity to secure "seed money" for developing this service is very greatly needed. It is no less needed in many larger and stronger institutions, where the pressures for funds make innovations of this kind take a back seat to current traditional programs. The incentives which the proposed Federal grants will supply are sufficient, even with a $75,000 limit per institution, to stimulate a rapid increase in this highly practical form of education.

In sincerely hope that when I have the opportunity to speak for and vote for the Higher Education Act amendments in the Senate as a bill is reported by this committee, it will include the opportunity to include action on this most significant means of assistance to higher education.

SUMMARY OF THE PRESIDENT'S COMMISSION ON HIGHER EDUCATION (1946–47)—ITS RECOMMENDATIONS FOR EQUALIZING AND EXPANDING INDIVIDUAL OPPORTUNITY AND FEDERAL ACTION TO DATE, TO FULFILL THESE RECOMMENDATIONS

Volume 2 of the Commission's report concluded with a recapitulation of the several recommendations which had been interspersed throughout the sixty pages of this volume. Following each recommendation has been added a brief comment on what has been done to date in each vital area, and any needs that still remain. This volume is concerned with removing the barriers to higher education, the overall goal being equal educational opportunity for all.

1. The first condition toward equality of opportunity for a college education can only be satisfied when every qualified young person, irrespective of race, creed, color, sex, national origin or economic status is assured of the opportunity for a good high school education in an accredited institution.

It does seem that we as a nation have come a great distance in providing a high school education for all our young people. The tax-supported public high schools have, of course, grown in number, from 24,000 to 1945–46 to more than 26,000 in 1963–64 and probably more than 30,000 at present. While in 1947–48 only 54% of those aged 17 graduated from high school, in 1965–66 this figure is more than 75% (or 2.6 million), divided about equally between boys and girls.

Yet it is also evident that deficiencies still exit. For example, in five standard

achievement tests given to 12th graders in 1965, white students scored a higher median average than did any of the other ethnic groups—Oriental Americans, Indian Americans, Mexican Americans, Puerto Ricans or Negroes. These data indicate that our schools—both elementary and secondary—may not be providing equal educational opportunities for all our young people.

Further to provide for a desirable flexibility on determining fitness for college entrance, there should be a general *broadening of college entrance requirements* over and beyond the present customary unit course credits in academic subjects, through suitable supplementary tests of intellectual ability.

There is probably a great deal more flexibility in college entrance requirements now than in 1947–48, mainly because there are so many more postsecondary institutions, each with its own admissions criteria. Then, too, many institutions, in order to help students with special disadvantages, are exempting them from the strict entrance requirements. We believe that the continuance of the growth of a varied higher education community is the solution to the problem of rigidity in entrance requirements. The role of the Federal Government should be to aid in the development of new institutions, both public and private, and the strengthening of olders ones. Such legislation as Title III of the Higher Education Act of 1965, authorizing a program to strengthen developing institutions, will fulfill this role.

Also, in order that the high school experience in terms of both educational and employment opportunities may become most effective, there should be available *adequate counseling and guidance* throughout the high school period. Only in this way will American young people be aided effectively to select further opportunities for an education or for work in line with their individual talents and potentialities.

Title V–B of the National Defense Education Act of 1958, "Guidance, Counseling, and Testing; Identification and Encouragement of Able Students," is directed at this very problem. The Institutes authorized by Part B of this title have been strengthened by the Education Professions Development Act of 1967. Title IV–A of the HEA of 1965, authorizing "Contracts to Encourage the Full Utilization of Educational Talent," is aiding high school counselors indirectly, by providing information on available student financial aid. The new stay-in-school program, mentioned in the 1968 Education Message of the President, should do much to keep high school students in school and allow them to graduate.

Because economic inequalities at this level are so acute, some provision, presumably with Federal support, should be considered for grants-in-aid to individual needy students in their last 2 years of high school.

The Vocational Education Act of 1963, part of which authorized aid in the form of part-time employment for high school students so that they could continue their high school education, is a partial solution to this program. The "Partnership for Earning and Learning Act" of 1968, consolidating several vocational education programs, is also intended in part for this purpose.

2. Following broadly the precedent set by the GI bill, we recommend a Federal program of scholarships in the form of grants-in-aid at the undergraduate level based primarily on individual need, available in all types of higher educational institutions. The individual student should have a free choice nationally among approved institutions. The maximum amount of money available per undergraduate student per year should be $800. Methods of allocating this sum within the several States should be on a basis which takes account of the number of each State's high school graduates and its total college age population.

The Commission recommends that the amount federally appropriated for these grant-in-aid in 1948–49 should be a minimum of $120,000,000; increasing in the following years to provide scholarships for 20 percent of all nonveteran students.

The Higher Education Act of 1965 authorized the Educational Opportunity Grants Program, nearly identical to the program outlined above, except that aid is given to States on the basis of full-time enrollment in institutions of higher education. It is interesting that the recommended award limit of $800 which was thought necessary in 1947 was the maximum amount authorized in the 1965 law. Before the EOG Program was begun, there were two other main Federal sources of aid to undergraduate students—National Defense Student Loans (maximum $1000 per year student) and College Work-Study employment. NDSL funds are allocated on the same basis as EOG funds; allocation of CW–S funds takes three factors into consideration—full-time enrollment in institutions of higher education, number of high school graduates, and low-income status of familes. It is

estimated that 10% of all students enrolled in higher education last year were in one or more of these three programs.

3. A federally administered plan of fellowships per graduate study is recommended in the amount of $1,500 per student per year, with 10,000 fellowship holders being appointed in 1948–49, 20,000 in 1949–50, and 30,000 in 1950–51 to 1952–53 with a maximum of 4 years to any individual student. The candidates should be selected on the basis of a national competitive examination and the student should be free to make his own choice of the institution he would attend.

Title IV of the NDEA of 1958 authorized fellowships for graduate students planning to teach in institutions of higher education, and Title VI for language and area studies students. While Title III of the HEA of 1965 provided fellowships for teaching in developing institutions, Title II–B authorized fellowships in library and information sciences. The Educational Professions Development Act of 1967 authorized fellowships for post-secondary vocational education teachers and for teachers in institutions of higher education. Additionally, graduate students are elgible for CW–S jobs and NDS loans (maximum loan $2500).

4. This Commission recommends the elimination of tuition and other required student fees in all publicly controlled colleges and universities for the thirteenth and fourteenth year; and a reduction beyond the fourteenth year, at least back to the level of 1938–39 tuition and fees, in institutions in which they have been raised.

It voices the hope that other means besides further increases in tuitions can be found to meet the operating expenses of *privately* controlled colleges.

The Commission was foresighted enough to recognize that the costs to students for higher education would continue to rise. While in 1938–39 the average tuition and fees charge for full-time undergraduates in private institutions was $287, in 1967–68 it is estimated at nearly $1300. Public institutions in 1938–39 cost an average of $80 for in-State residents and $174 for out-of-State students; now, the cost is $274. Despite the fact that several States have eliminated tuition costs in their public institutions for in-State students, the rising costs of postsecondary education, and the related problem of maintaining both public and private institutions, remain the biggest issues before the higher education community. So far we have chosen to meet this problem with a combination of student aid the college support. Yet, despite the many programs of student financial aid, including private, State and Federal programs, the costs of college are still prohibitive for many. The New Guaranteed Loans programs are doing a great deal to help the middle-income family which had to some extent been left out of other student financial aid programs.

Nevertheless, a long-range strategy is needed. President Johnson recognized this in his 1968 Education Message when he said, "Our strategy must: eliminate race and income as bars to higher learning; guard the independence of private and public institutions; ensure that State and private contributions will bear their fair share of support for higher education; encourage the efficient and effective use of educational resources by our colleges and universities; promote continuing improvement in the quality of American education; and effectively blend support to students with support for institutions."

5. This Commission is opposed to the continuance of college admissions policies which result in discrimination against students on grounds of race, religion, color, sex, or national origin. And we urge an immediate and voluntary abandonment of discriminatory practices.

We recommend further, because of the slowness of voluntary action, that educators support in their respective States the passage of *carefully drawn legislation* designed to make equally applicable in all institutions of higher learning the removal of arbitrary discriminatory practices in the carrying out of admissions policies.

It is probably fair to say that, across the nation, there has been some relaxation of arbitrary discriminatory practices in institutions of higher education, especially in regard to admissions policies, since 1948. Yet, although Negroes represent approximately 10% of the U.S. population, they comprise only 5% of the higher education enrollment and more than half of these students attend the largely segregated institutions in the South and Southwest. Full equality in the higher education community for Negroes and for other minority groups as well is still in the future. Federal aid, with the concomitant requirement that the institutions to which it is given must not discriminate on the ground of race, color or national origin, has undoubtedly contributed to the progress in this area.

Discrimination on religious grounds may still exist in some institutions; however, the great number and variety of schools now in operation still offer a wide choice to any student, regardless of his religious affiliation.

Curtailment of admission of woman college students, due to inadequacy of facilities and against their entrance on an equal footing into professional schools, must be coped with.

Undergraduate admissions policies have undoubtedly been relaxed since 1948—now 40% of all undergraduates are women. However, only 30% of graduate students are women, and some women, in professional fields especially, feel that discrimination still exists in both admissions policies and student aid such as fellowships. It is not really clear whether the smaller percentage of women in graduate school represents the choice of women or is a result of exclusion on the grounds of sex.

It is further desirable that State universities at the earliest possible moment remove all prohibitions against the acceptance of out-of-State students.

State universities no longer exclude out of state students; however, most of them do show preference to in-State residents by exempting them from all or part of their tuition and fee charges.

6. Legislation in those States which now require segregation of white and Negro students should be repealed at the earliest practicable moment. And as far as graduate and professional education for the Negro is concerned, provision should be made by the States which still require segregation to provide truly equal opportunity for qualified Negro students.

The 1964 Civil Rights Act applied not only to public elementary and secondary schools, but also to institutions of higher education or technical or vocational schools above the secondary school level, provided they were "operated by a State, or operated wholly or predominately from or through the use of governmental funds or property, or funds or property derived from a governmental source." Legally, Negroes may now attend all public institutions; yet the majority of Negroes attend largely segregated schools still.

7. With respect to any and all provisions which are hereafter made to give effect to the several recommendations for Federal aid in the States, it should be an explicit requirement in the legislation appropriating Federal funds that they only be accorded to those institutions where discriminatory practices do not exist. Further, that, in States where legal segregation still prevails, provisions be made for the use of Federal monies equitably for all eligible individuals regardless of color, and for all institutions whether for Negroes or for white.

The Civil Rights Act of 1964 explicitly implemented the first recommendation above. In regard to the second recommendation Title VI also requires equitable use of Federal money for all individuals, and Federal allocations are made to institutions on the basis of their needs, not on the basis of whether they are predominately white or Negro. (See below.)

TITLE VI—NONDISCRIMINATION IN FEDERALLY ASSISTED PROGRAMS

SEC. 601. No person in the United States shall on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity receiving federal financial assistance.

SEC. 602. Each Federal department and agency which is empowered to extend Federal financial assistance to any program or activity, by way of grant, loan, or contract other than a contract of insurance or guaranty, is authorized and directed to effectuate the provisions of section 601 with respect to such program or activity by issuing rules, regulations, or orders of general applicability which shall be consistent with achievement of the objectives of the Statute authorizing the financial assistance in connection with which the action is taken.

No such rule, regulation, or order shall become effective unless and until approved by the president. Compliance with any requirement adopted pursuant to this section may be effected (1) by the termination of or refusal to grant or to continue assistance under such program or activity to any recipient as to whom there has been an express finding on the record, after opportunity for hearing, of a failure to comply with such requirement, but such termination or refusal shall be limited to the particular political entity, or part thereof, or other recipient as to whom such a finding has been made and, shall be limited in its effect to the particular program, or part thereof, in which such noncompliance has been so found, or (2) by and other means authorized by law: *Provided, however,* That no such action shall be taken until the department or agency

concerned has advised the appropriate person or persons of the failure to comply with the requirement and has determined that compliance cannot be secured by voluntary means. In the case of any action terminating, or refusing to grant or continue, assistance because of failure to comply with a requirement imposed pursuant to this section, the head of the Federal department or agency shall file with the committees of the House and Senate having legislative jurisdiction over the program or activity involved a full written report of the circumstances and the grounds for such action. No such action shall become effective until thirty days have elapsed after the filing of such report.

8. It is important that curricular improvements assure that the first 2 college years shall be as stimulating and challenging as possible as one means of cutting down the high degree of student mortality which now prevails.

A further important feature of such a program will be adequate student *counseling throughout the college experience* on educational, vocational, and personal adjustments.

In the past twenty years, curricular improvements have surely been made, and the Federal Government has done its part through Title VI of the 1965 HEA, which authorized financial assistance for the improvement of undergraduate instruction, including grants for new special equipment and for faculty development programs. Title III of this Act authorized fellowships for teaching at developing institutions. Part E of the Education Professions Development Act of 1967 provides training programs for higher education personnel. Title VII of the 1958 NDEA provided for progress in the use of mass media as instructional equipment, and the new Networks for Knowledge provision of S. 3098 is intended to aid institutions in sharing faculties, facilities, equipment, library and educational television services. Additionally, the modern foreign language centers authorized by Title VI of the NDEA have aided instruction in this area.

The importance of counseling in helping students adjust to college life was pointed out by the Commision and has recently been given more attention by the Federal Government. Title V–B of the NDEA authorized guidance and counseling institutes for those at all levels, including higher education, who counsel students. The 1968 Higher Education Amendments would provide for the assumption, by the Federal Government, of the costs of counseling and guidance placement and consulting services in the area of cooperative education. Part C of the bill (S. 3098) provides Special Services for Disadvantaged Students, including services to remedy academic deficiencies, personnel services. career guidance, etc.

9. This Commission recommends, as an important element in equalization, the establishment of free, public, community colleges which would offer courses in general education both terminal and having transfer value, vocational courses suitably related to local needs, and adult education programs of varied character.

Such a development of State systems of community colleges will create a need for far more community *college teachers*, the training of whom will require added and special facilities.

Between 1947–48 and 1963–64, the total number of public junior colleges grew from 242 to 357, and enrollment in them from 178,000 to more than 546,000. Though these institutions are not free, their tuition and fees are generally fairly low and their students may save the expense of room and board by living at home.

Adult education, as described on the following page, is a growing field, only recently entered by the Federal Government. Not only are the public junior colleges involved in this area, but all sorts of institutions of higher education.

Vocational education was treated only briefly by this volume of the Report. Vocational education was aided early in this century by the Federal Government in the Smith-Hughes Act of 1917, which was directed at teachers of vocational subjects. The Vocational Education Acts of 1946 and 1963 extended Federal aid to the support of various programs, including the purchase of equipment, training of practical nurses, work-study programs and residential vocational schools. Finally, the National Vocational Student Loan Insurance Act of 1965 was passed, to provide loan funds for vocational students. The proposed "Partnership for Earning and Learning Act" of 1968 is intended to strengthen and streamline these various programs.

10. The Commission urges that institutions of higher education undertake the development of a more comprehensive program of adult education as one important way of helping to remove present inadequacies in education among adults.

Title I of the Higher Education Act of 1965 authorized a program of community services, including continuing education. The Adult Education Act of

1966 provides for basic adult education, and the Manpower Development and Training Act of 1962 provided programs and projects under the Labor Department to train, retrain and develop the skills needed in our growing and changing economy. Educational television too is a means of educating adults, and consequently a 1962 addition to the 1934 Communications Act provided for the construction of educational television facilities, and the Corporation for Public Broadcasting was authorized in 1967.

There were several educational needs to which this Volume of the Commission's Report did not speak—such as the need for funds for college construction (aided by the Higher Education Facilities Act of 1963), funds for library growth and improvement and the training of librarians (aided by the Library Services and Construction Act of 1956 and Title II of the HEA of 1965), funds for educational research (aided by the Cooperative Research Act of 1954 and hopefully, by the proposed 1968 program), and funds for the improvement of graduate education (such as the proposed aid to strengthen graduate schools).

Higher Education for American Democracy

VOLUME II

Equalizing and Expanding Individual Opportunity

A REPORT OF THE
PRESIDENT'S COMMISSION ON
HIGHER EDUCATION

★

Washington, December 1947

Letter of Transmittal

THE PRESIDENT'S COMMISSION ON HIGHER EDUCATION

WASHINGTON, D. C., *December 11, 1947.*

DEAR MR. PRESIDENT:

On July 13, 1946, you established the President's Commission on Higher Education and charged its members with the task of examining the functions of higher education in our democracy and the means by which they can best be performed.

The Commission has completed its task and submits herewith a comprehensive report, "Higher Education for American Democracy." The magnitude of the issues involved prompted the Commission to incorporate its findings and recommendations in a series of six volumes, of which this is the second.

The Commission members and the staff are grateful for the opportunity which you have given us to explore so fully the future role of higher education which is so closely identified with the welfare of our country and of the world.

Respectfully yours,

GEORGE F. ZOOK,
Chairman.

THE HONORABLE
THE PRESIDENT OF THE UNITED STATES.

Letter of Appointment

THE WHITE HOUSE

WASHINGTON, D. C., *July 13, 1946.*

DEAR ——— ———:

As veterans return to college by the hundreds of thousands the institutions of higher education face a period of trial which is taxing their resources and their resourcefulness to the utmost. The Federal Government is taking all practicable steps to assist the institutions to meet this challenge and to assure that all qualified veterans desirous of continuing their education have the opportunity to do so. I am confident that the combined efforts of the educational institutions, the States, and the Federal Government will succeed in solving these immediate problems.

It seems particularly important, therefore, that we should now reexamine our system of higher education in terms of its objectives, methods, and facilities; and in the light of the social role it has to play.

These matters are of such far-reaching national importance that I have decided to appoint a Presidential Commission on Higher Education. This Commission will be composed of outstanding civic and educational leaders and will be charged with an examination of the functions of higher education in our democracy and of the means by which they can best be performed. I should like you to serve on this body.

Among the more specific questions with which I hope the Commission will concern itself are: ways and means of expanding educational opportunities for all able young people; the adequacy of curricula, particularly in the fields of international affairs and social understanding; the desirability of establishing a series of intermediate technical institutes; the financial structure of higher education with particular reference to the requirements for the rapid expansion of physical facilities. These topics of inquiry are merely suggestive and not intended to limit in any way the scope of the Commission's work.

I hope that you will find it possible to serve on this Commission.

Very sincerely yours,

Harry Truman

President's Commission on Higher Education

GEORGE F. ZOOK, *Chairman*

SARAH G. BLANDING
O. C. CARMICHAEL
ARTHUR H. COMPTON
HENRY A. DIXON
MILTON S. EISENHOWER
JOHN R. EMENS
ALVIN C. EURICH
DOUGLAS S. FREEMAN
ALGO D. HENDERSON
Msgr. FREDERICK G. HOCKWALT
LEWIS W. JONES
HORACE M. KALLEN
FRED J. KELLY
MURRAY D. LINCOLN
T. R. MCCONNELL
EARL J. MCGRATH
MARTIN R. P. MCGUIRE
AGNES MEYER (Mrs. EUGENE)
HARRY K. NEWBURN
BISHOP G. BROMLEY OXNAM
F. D. PATTERSON
MARK STARR
GEORGE D. STODDARD
HAROLD H. SWIFT
ORDWAY TEAD
GOODRICH C. WHITE
Rabbi STEPHEN S. WISE

FRANCIS J. BROWN, *Executive Secretary*
A. B. BONDS, JR., *Assistant Executive Secretary*

Acknowledgments

The Commission gratefully acknowledges the enthusiastic cooperation and the invaluable assistance it has received from educational institutions and from individuals, organizations, and agencies both in and out of Government.

Dr. John R. Steelman, the Assistant to the President, in his official capacity as liaison between the various agencies of Government and the Commission took a deep and personal interest in its work.

Dr. J. Donald Kingsley, formerly Program Coordinator in the White House office, was extremely helpful in the initial development of the scope and content of the Commission's program. Acknowledgment is also due to John L. Thurston of Dr. Steelman's office for his work in forwarding the activities of the Commission.

Almost every agency and department of Government assisted the Commission in its task. Special appreciation is expressed to the United States Office of Education, the Bureau of the Census, the Bureau of Labor Statistics, the Department of the Army and the Department of the Navy, the Department of Agriculture, and the Bureau of the Budget.

Through the cooperation of the American Council of Learned Societies, the American Council on Education, the National Reserach Council, and the Social Science Research Council, a special study was made of the faculties of thirty colleges and universities. The American Association of University Professors cooperated in extending the study of faculty personnel to members of its local chapters. The Association of Land Grant Colleges and Universities, conducted a special survey of the extensive activities of its member institutions. At the request of the Commission more than 50 professional and lay organizations submitted statements, or assembled data of much value.

Institutions of higher education and State Departments of Education in every State gladly and promptly supplied information requested by the Government Agencies through which the Commission carried on much of its research activities.

This demonstration of cooperation reflects the deep public awareness of the problems which face higher education, and is a matter of much gratification to the Commission. It is hoped that these cooperative relationships may, in themselves, suggest a pattern for the continuing cooperation of individuals, organizations, Government agencies, and institutions interested in the future welfare of higher education in America.

Dr. Ordway Tead, chairman of the Board of Higher Education of New York City, a member of the Commission, also served as its consultant in the preparation of this volume.

The Commission is especially indebted to the members of its staff for the loyal, persevering and intelligent way in which they have served the Commission. Dr. Francis J. Brown, Executive Secretary, and A. B. Bonds, Jr., Assistant Executive Secretary, deserve special mention.

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PREFACE

This is the second volume in the Report of the President's Commission on Higher Education. It is concerned with the barriers to equal opportunity for higher education and the means of removing them.

America has long boasted of its educational system and too many of our citizens have tacitly assumed that the ladder of opportunity for education was equally accessible to all children and youth. Even those who, for financial or other reasons, found that they could not continue in school or college tended to feel that it was their own lack rather than the failure of our educational system.

The swift movement of events and the growing complexity of our national life and of world affairs make it imperative, at the earliest possible time, to translate our democratic ideal into a living reality; to eliminate the barriers to equality of educational opportunity; and to expand our colleges and universities to assure that the only factors which limit enrollment are the ability and interest of the prospective students.

A total of six volumes will be issued by the Commission under the general title, "Higher Education for American Democracy."

Volume 1, "Establishing the Goals," was published on December 14.

Volume 3, "Organizing Higher Education," presents an appraisal of organizational problems at the national, State, and local levels.

Volume 4, "Staffing Higher Education," is the Commission's recommendation for a greatly expanded and improved program for the preparation and in-service education of faculty personnel.

Volume 5, "Financing Higher Education," is an appraisal of fiscal needs and policies necessary for the program of higher education recommended by the Commission.

Volume 6, "Resource Data," is a compilation of some of the basic information used by the Commission in preparing its reports.

CHAPTER I

The Goal—Equal Opportunity

Equal educational opportunity for all persons, to the maximum of their individual abilities and without regard to economic status, race, creed, color, sex, national origin, or ancestry is a major goal of American democracy. Only an informed, thoughtful, tolerant people can maintain and develop a free society.

Equal opportunity for education does not mean equal or identical education for all individuals. It means, rather, that education at all levels shall be available equally to every qualified person.

The availability of higher education is determined in part by the extent and proximity of educational facilities. It is affected also by wide variations in the quality of elementary and secondary education provided locally. But the greatest barriers to equality of educational opportunity are the inadequacies of family income, the inability or unwillingness of some States to provide sufficient support for adequate schools and colleges, and the indifference of the American people to inadequate educational facilities in certain areas.

In principle, the demand for equal educational opportunity has had a long history in America. The growth of free elementary and secondary schools is well known. Our colleges and universities have been developed in response to the demands of those who aspired to higher learning. Privately controlled colleges and universities began early. In 1636 a college was founded in the Massachusetts Colony, partly by colony action, but even more of the credit is due John Harvard whose gift provided that "the tongues and arts" might be taught and learning and piety maintained. In 1701 the Connecticut Assembly founded Yale. Education was largely a private matter and generally church-controlled. During the first half-century after the American Revolution, interest in higher education was manifested in the establishment and endowment of academies and colleges for the selected few rather than in the creation of public schools for the many.

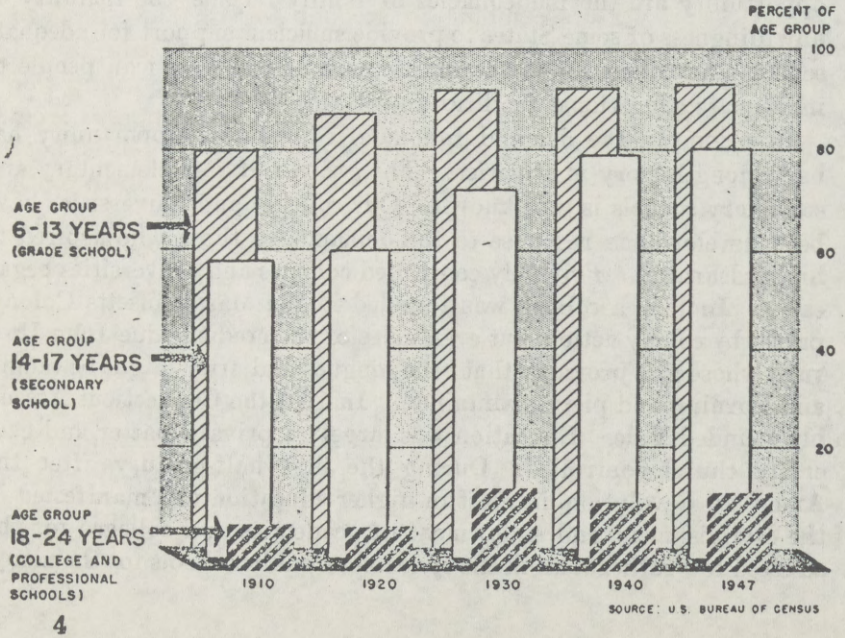
The State university movement started with the organization of the University of North Carolina in 1789. The land-grant colleges began their amazing growth with the passage of the Morrill Act by Congress in 1862. This act made grants of land to establish colleges, and subsequent acts in 1890 and 1907 made continuing commitments for appropriations of Federal funds for the further endowment and support of such colleges "to promote the liberal and practical education of the industrial classes in the several pursuits and professions of life."

The American concept of equal opportunity has been a foundation upon which our systems of public, tax-supported schools have since been built. This country has come far toward making universal the opportunity for education at the elementary and secondary school levels. In 1910, 80 percent of all children of elementary school age (6–13) were attending school; in 1940, more than 90 percent were attending. In 1910, 59 percent of those of high-school age (14–17) were attending school; by 1940 the percentage had risen to 79. In 1910, 9 percent of those 18–24 years of age were in school and college; and in 1940 this percentage had risen to 13. (See chart 1.)

Chart 1

HOW MANY GO TO SCHOOL

PERCENT OF EACH AGE GROUP ATTENDING SCHOOL, 1910-1947



4

Yet it would be false to the American faith and the American hope to allow ourselves to be lulled into complacency by this achievement. Our goal is still far from realized. For this goal is to enable each young person to have access to education to the extent that he can profit from it and of a character best designed to assure maximum development of his personal and social self.

At the secondary level a picture at once challenging and sobering is suggested by the fact that out of every thousand children in the 5th grade in the school year 1929 (September 1928–June 1929) only 736 entered high school, 378 graduated, 137 entered college, and 69 graduated from college by June 1940. The number of persons enrolled in institutions of higher education increased from 238,000 in 1900 to 1,494,000 in 1940. During the same period the population of the United States increased from 76 million to 132 million. Even so, in 1940, only 10.0 percent of the population 25 years of age and over had completed one or more years of college, and only 4.6 percent had completed four or more years. While there has been a gradual and consistent increase in the percentage of young people attending college, there has never been a year in which more than 16 percent of those between 18 and 21 were in institutions of higher education. The sharp increase in college enrollment beginning in the school year 1946 was due largely to veteran enrollments. The percentage of 18–21 year olds enrolled in 1947 was actually no more than in the prewar year 1940.

A variety of factors combine to account for this low level of enrollment, the most important being the inequality of educational facilities provided by different States. In 1940, the percentage of persons 25 to 29 years of age who had attended college ranged from 7.5 in the State of Alabama to 21.6 in the State of Utah. Throughout the country, proportionately only about half as many rural youth had attended college as those from urban communities.

The number of students attending colleges prior to World War II represents less than one-third of those who demonstrably can profit from higher education. Moreover, the need today both for wise leadership and for a higher level of competent and informed citizenship in our society is on such a scale of magnitude that the contrast between college accomplishments and community requirements is grave indeed. Never before has this country been presented with so evident a demand for informed and truly mature citizens. This is a demand imposed by our country's wish for the best developed individuals as persons; it is a necessity for this country's functioning as a nation—as a leading nation among nations—in the wise handling

of world affairs with the active support of the general electorate. We can readily afford to draw upon our wealth of material resources to narrow greatly and rapidly this gap between the presently available educational opportunities and those needed to realize the national potential.

It must always be remembered that at least as many young people who have the same or greater intellectual ability than those now in college do not enroll because of low family income. This is the single, most outstanding factor in the whole situation. It results primarily from the fact that the money incomes of more than one-half of American families in 1946 were at or below $2,600 a year. The index of the cost of living in December 1946 was more than 50 percent higher than that of December 1940. Tuition costs have increased approximately 30 percent from the fall of 1938 to the fall of 1946 and are still increasing.

Even without stressing other influences—such as discrimination in race, religion, sex, and national origin—the economic factors alone combine to make the problem of going to college progressively more difficult unless some new methods of defraying these costs are provided.

DEMOCRACY DEMANDS AN INFORMED CITIZENRY

Before further documenting the extent and seriousness of the several influences which help to perpetuate existing inequalities, it will be well to answer certain questions about the extension of opportunity to attend college.

This Commission, in volume I of its report, "Establishing the Goals," affirms the need of each individual for a broad educational experience. One which is not only general and liberal, not only sufficiently vocational, not only for broad competence in citizenship and in the wise use of leisure, but also an integrated and meaningful combination of all these aims at successive levels of education in accordance with the potentialities of each.

This Commission does not subscribe to the belief that higher education should be confined to an intellectual elite, much less a small elite drawn largely from families in the higher income brackets. Nor does it believe that a broadening of opportunity means a dilution of standards either of admission or of scholarly attainment in college work. Again, it dissents from the view that a substantially larger fraction of young people going to college would yield a large body of frustrated and disappointed persons because the discrepancy between their interests and their economic opportunity would be too great. It is true that this might happen under certain unfortunate conditions. But two points should be made. First, college education should be conducted with objectives more inclusive than the economic advancement of the graduate. Second there is a large array of semiprofessional

and nonprofessional callings in which a college education can be of marked advantage. To assume that only those looking to professional careers can profit from college experience is to misread and underestimate the broad personal and social benefits to be gained.

The danger is not that individuals may have too much education. It is rather that it may be either the wrong kinds for the particular individual, or education dominated by inadequate purposes.

Certainly any assumption that the number of young people now enrolled in institutions of higher learning comes anywhere near approximating the total of those who have the capacity to learn and profit by suitably focused education is mistaken and misleading. Studies recently made at the secondary school level show that, as enrollments have increased, there has been no lowering of the average intellectual achievement of students. This indicates a more general distribution of those with scholarship capacity than is usually assumed.

Present standards of scholarship and academic achievement should not, and need not, be lowered as provision is made for more students. If anything, the standards should be raised in order to make sure that hard work and real mastery result. This is not to say, however, that the same kind and content of higher education are desirable for all. There is already a wide variety of purposes and programs in American colleges; but there is need for even greater diversification and experimentation to take account of different kinds and degrees of intellectual capacity, talent, and interest. Indeed, an extension of community colleges (now usually referred to as *junior colleges*), as recommended by this Commission, inevitably will involve a shaping of new curricula in which the concept of *scholarship* may change even while standards of acceptable competence are maintained.

This Commission has concluded, after consideration of the results of the Army General Classification Test, the most inclusive testing program ever conducted, that even with the present inflexibility of college curricula, a minimum of 49 percent of the college-age population of this country has the ability to complete at least the first 2 years of college work, and at least 32 percent has the ability to complete additional years of higher education. With the greater adaptation and flexibility of the programs recommended by this Commission, these percentage figures supply conservative yet conclusive evidence of the social advisability of increased numbers attending college. To deprive qualified persons of the values thus to be gained is to restrict their potential development, narrow their outlook, and limit their appreciations. America cannot afford to be niggardly in its investment in individual well-being.

Denial of educational opportunity restricts the preparation of the individual for effective living. It is a limiting factor also in our national welfare. Never has our country been faced with so many and so significant problems which require the highest quality of leadership. The importance of a larger supply of intellectual eminence has been demonstrated abundantly in the physical and biological sciences. Equally well-educated leadership is necessary in our economic, social, and political life. Issues related to conservation and development of natural resources, to labor-management relations, to trade and commerce, must all be resolved in terms of the public interest.

Solutions to these and other problems of far-reaching consequence to national welfare require a greater number of persons with high quality of statesmanly ability. They demand also a broad understanding of the basic issues and a deep sense of awareness of the public good on the part of an ever-increasing proportion of our population.

EDUCATION AND WORLD CITIZENSHIP

The persistence of educational barriers also has its repercussions upon world problems. In the changing role of the United States as a world power, it becomes essential that a substantially larger proportion of our citizenry be equipped to assist in leadership in a world brought closer together by rapid communication and swift transportation. Changes in attitudes must attend this virtual elimination of time and space. Yet too few persons know or appreciate fully the significance of the present economic and cultural interdependence of the entire world.

As the preamble to UNESCO states, wars are made in the minds of men; there too must the instruments of peace and world organization be forged. A major responsibility of higher education is to qualify youth and adults, at the highest level of their capacities, for participation in a truly global society.

Provision of equality of educational opportunity requires an attack on present quantitative limitations. It is also a qualitative concern because there must be assurance that the education offered is actually equipping the next generation for its responsibilities—individual, national, and world-wide. Present qualitative inadequacies need appraisal equally as much as do those of a quantitative character.

FRONTIERS OF THE FUTURE

The climate of public sentiment has already begun to change regarding the opportunity of more young people to have a college education. The experience of veterans, of their parents, and of educators themselves has undoubtedly led to a raising of our national sights concern-

ing the number of those who profitably might attend college. The expectation of, no less than the desire for, a longer educational period is today far more widespread in our college-age population than ever before. This has been demonstrated by the wide acceptance by the veterans of the generous educational program; indeed, here is a desire which promises to grow as it is satisfied. If the country can do this for the veteran, why cannot such a national policy be extended in the future to all who demonstrate sufficient mental capacity and drive?

There is general acceptance of the view that free education should be universally granted through the high school years—even though performance still falls short of this standard. It is not surprising, therefore, that there is increasing public pressure for free provision for at least two years beyond the secondary level. Indeed, the whole development of our state universities and land-grant colleges had contributed to advancing this outlook, despite the fact that these two types of institutions have in many instances found it necessary to require tuition and other fees.

The stage is set for a complete re-examination of the adequacy of our national post-high-school educational provisions. Important new pressures will undoubtedly disturb many existing conceptions about the place of the college and university in our society. Hence, it is imperative to survey the scene afresh. The assignment has to be approached not merely in the frame of accepted administrative and educational premises. It has become today rather a problem of public policy, of national interest, of social and democratic concern, requiring the informed attention of citizens generally. For in the last analysis, the amount, the quality, and the cost of education for the public weal are matters settled by all of us as taxpayers and by our legislators in implementing our intentions.

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CHAPTER II

The Economic Barrier

Inadequacy of family income with all its attendant consequences is one of the primary factors limiting the opportunity of American youth to attend college. In studying the documentation of this fact, the shortcomings of education must be considered. The bare statistics must also be considered with two qualifying factors well in mind.

First, present distribution of family income reveals sobering inequalities. This problem must be faced realistically and any remedial measures offered must be capable of accomplishment. It is recognized that this pattern can and no doubt will change in the direction of a lessened maldistribution. Indeed, an ideally adequate program of higher education undoubtedly would result in a more even distribution of income as well as greater national productivity. All measures which will contribute to increasing the total national productivity thus become essential as indirect means toward lessening economic barriers to education. The problem of the removal of economic handicaps is one of devoting a larger percentage of our national annual income to education, and, equally, of enabling each family to earn a higher annual income.

Second, it should be remembered that such an analysis as this necessarily has to deal with broad average levels of income and their consequences. It is true, however, that individual families may set so high a value upon a college education that they will make the necessary sacrifices for their children to obtain it. Further, many individual young people offset their economic handicaps with cultural aspirations, ambition, and a driving thirst for knowledge that lead them to attempt to work their way through college if such a path is opened up to them. Yet such individual efforts will necessarily be the exception and are not palliatives to adverse conditions.

BARRIERS AFFECTING INDIVIDUAL FAMILIES

Table 1 presents the most salient facts about current family income distribution. In examining the facts it sets forth, it should be realized

that the inflationary living costs of 1947 have not been compensated for in many parts of our economy by equivalent wage and salary increases. Consequently the table is an understatement of the present condition.

TABLE 1.—*Percent distribution of family units* [1] *by 1945 and 1946 money income* [2]

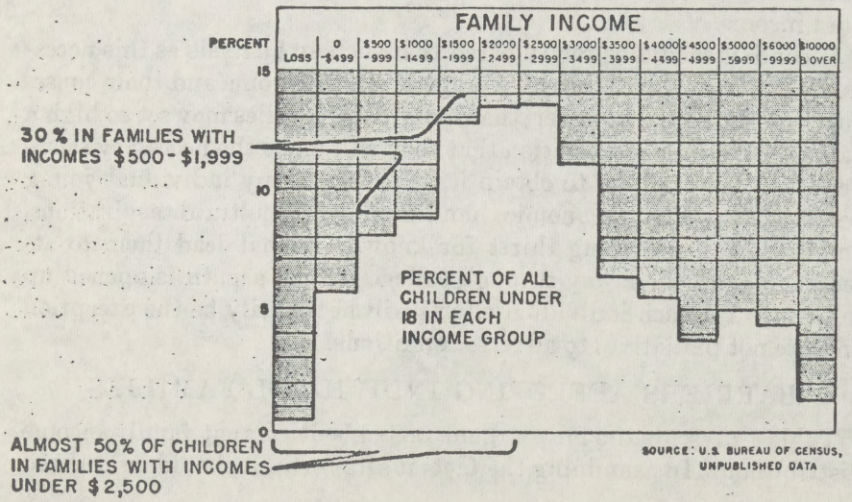
Money income before taxes	Distribution of families	
	1945	1946
	Percent	*Percent*
Under $1,000	18	15
$1,000 to $1,999	22	20
$2,000 to $2,999	22	22
$3,000 to $3,999	17	18
$4,000 to $4,999	9	10
$5,000 to $7,499	8	9
$7,500 and over	4	6
Median income	$2,400	$2,600

[1] A "family unit" is defined as a spending unit of all persons living in the same dwelling, who are related by blood, marriage, or adoption, and who pooled their income to meet major expenses.
[2] Source: Board of Governors of the Federal Reserve System.

In 1945, nearly 75 percent of all the children under 18 in this country were living in families whose total money incomes were less than $3,500 a year. Nearly 50 percent of the children under 18 were in families whose incomes were at or under $2,500 in that year, and 36 percent were in families with income of less than $2,000 a year.

Chart 2

CONCENTRATION OF SCHOOL-AGE CHILDREN IN LOW INCOME FAMILIES, 1945



The concentration of large numbers of children in low income families is particularly marked in certain regions of the country. These regional differences have resulted in striking disparities in the distribution of the financial ability of the regions to carry their educational loads. For example, the South traditionally has had the highest birth rate, yet economically the region is the least able to finance education. This region in 1945 faced the responsibility of educating no less than 37.1 percent of the Nation's children (5 to 17 years of age), but its share of total income payments was only 22.6 percent. In 1940 the South was educating 36.6 percent of the Nation's children with 19.6 percent of the income payments. The disparity between educational load and income is most striking in the farm population of the South. On southern farmers, in 1940, fell the task of supporting and educating 17.1 percent of all children of school age (5–17) although the income received from farming in this region was only 2.6 percent of the national total of income payments.

Family Income and Educational Attainment of Children

The education of each individual to the fullest extent of his ability encounters economic obstacles at every stage of the educational process. This point is illustrated in a study of boys who were in the sixth grade of Pennsylvania schools in 1926. Mr. Elbridge Sibley, reporting a follow-up study of their later education, found a close correlation between the highest grade of school completed, Intelligence Quotient, and the father's occupational classification. Regardless of his Intelligence Quotient, a boy whose father was in the higher occupational and generally higher income groups had a considerably greater probability of going to school beyond the twelfth grade. Statistics for the brightest boys, with Intelligence Quotients of 124 and above, show that a boy from the highest occupational income groups had a 4 to 1 advantage over boys in the lower groups insofar as college attendance was concerned. Statistics for all boys, regardless of their individual Intelligence Quotients, show that a boy from the higher occupational groups had a 10 to 1 prospect of attending college over the chances of those from the lower occupational groups. To a lesser degree, the same situation prevailed with regard to their prospects of completing either the eighth or the twelfth grades.

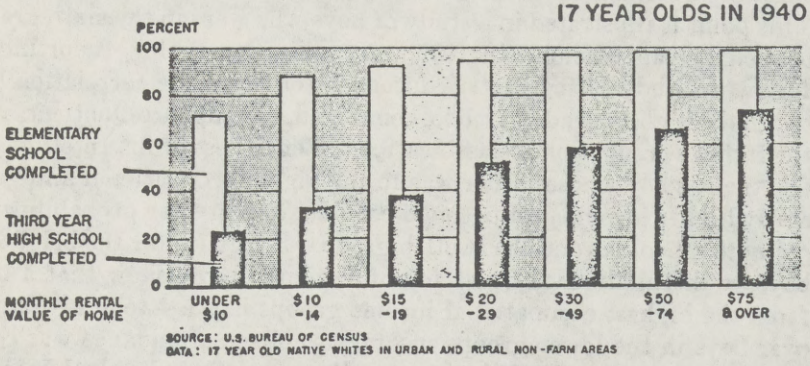
The 1938 report of the American Youth Commission of the American Council on Education, *Youth Tell Their Story*, likewise shows a high correlation between paternal occupation and the educational progress of the children. In families where the father's occupation was "professional-technical," only 1 out of 13 children failed to advance beyond the eighth grade. In the families of "farm laborers," 7 out of 8 children did not go beyond the eighth grade; and in the "unskilled" category, 2 out of 3 failed to advance beyond this grade.

Another analysis of the 1940 census data, summarized in chart 3, showed the relation between educational attainment and the monthly rental value of the home. A study was made of a fairly homogeneous group of about 1.5 million 17-year-old native whites living in urban or rural non-farm areas. Rental value of the home, except in time of extreme housing shortage, is recognized as a sensitive index of the economic status of the family. In the lowest rental value group—under $10 per month—the most frequent level of school completion was less than 8 years of schooling, and almost 60 percent of the children had not gone beyond the first year of high school (ninth grade). In the highest rental value group—$75 per month and over—almost 75 percent of the children had completed three or more years of high school. The completion of 3 years of high school is considered normal for 17 year olds.

Chart 3

SCHOOL ATTAINMENTS RELATED TO FAMILY ECONOMIC STATUS

17 YEAR OLDS IN 1940



SOURCE: U.S. BUREAU OF CENSUS
DATA: 17 YEAR OLD NATIVE WHITES IN URBAN AND RURAL NON-FARM AREAS

Volume I of the reports of this Commission, "Establishing the Goals," stresses the vast gap between the number of students enrolled and the number who have the ability to benefit from higher education.

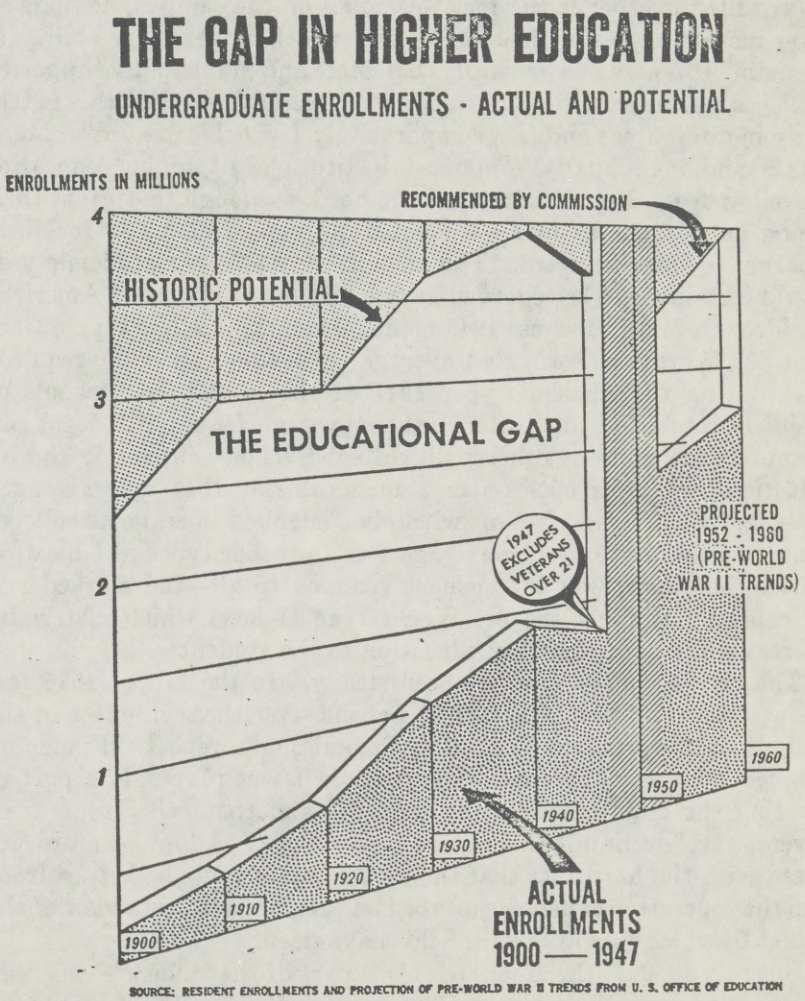
In a University of Minnesota study made in the early 1940s, it was found that:

> Many able graduates * * * were not attending college. Considerably less than half of the high-school graduates who ranked in the upper 30 percent of their high-school classes were enrolled in college. More than 15 percent of these able graduates who did not continue their training were unemployed. High marks in school are doubtless desirable, but they are not the open sesame to college halls or employment for those graduates.
>
> For every [high school] graduate who ranked in the upper 10 percent of his high-school class and entered college, another graduate who also ranked in the upper 10 percent did not enter college.

For every graduate who ranked in the upper 30 percent of his class and entered college, two graduates who ranked in the upper 30 percent did not enter college.

* * * Many able high-school graduates were not enrolled for further education. It is no longer safe to assume—if it ever was—that the most intelligent high-school graduates go to college. It is of fundamental importance for all the people of the State to know how generally young people who would make the best teachers, lawyers, accountants, doctors, engineers, and statesmen are not able to attend colleges and universities. It has been assumed traditionally that the most capable high-school graduates go to college. It is suggested by this study, however, that geography and the economic resources of the family are perhaps as closely related to college attendance as intellectual fitness.

Chart 4



This Commission concludes that the decision as to who shall go to college is at present influenced far too much by economic considerations. These include inadequacy of family income; the opportunity today afforded young people out of high school to earn relatively high wages; and the increasingly high living costs for students forced to live away from home while in college. These factors combine to keep out of college many who have the abilities which would enable them to profit substantially by a college course of study.

The Upward Trend in College Fees

The prospective student from a low income family faces two successive hurdles as he tries to enter college. One is the economic status of his family which works against his initial decision to attempt to enroll; the other is the fact that, once on the campus, he finds an ever-increasing scale of assorted fees which imperil his ability to remain. It is assumed generally that State and municipally supported colleges and universities are essentially free of fees. But this is true only in a few areas and in a comparatively few fields of study. Many State and municipally supported institutions of higher education have low fees. But even low fees are not low enough to prevent their being an obstacle to many students, and the tendency is for these charges to spiral upward. The amount of $98.78 per academic year could certainly not be regarded as low by the 36 percent of American children in families whose 1945 money incomes were less than $2,000. Yet $98.78 was the estimated average of tuition and other required fees during the academic year 1947 of the liberal arts schools of publicly controlled institutions. This average fee was for legal residents of the State or other political subdivision controlling the institution. Fees for out-of-area students during that year averaged $224.72. The average fees of privately controlled liberal arts colleges amounted to $296.99. The average fees for other types of education varied, but there was one element common to all—the marked rise of college fees above the pre-World War II level which materially increased the cost of higher education to the student.

The rise in college fees has been steady. In the fall of 1946 fees showed an average increase of 28 percent over those in effect in the fall of 1938. Volume V of this Commission's report, "Financing Higher Education," points out that student fees play only a part in meeting the costs of educating students and that other sources of revenue are declining in relative importance. Administrators are faced with the hard fact that their institutions must be kept solvent and that operating expenses must be met. Table 2 affords a view of the extent to which fees in certain fields have risen.

But tuition and other fees are only a part of the student's expenses. Physical accessibility plays an important role in college attendance.

TABLE 2.—*Estimated average tuition and other required fees for higher education in 1947, compared with average for 1939* [1]

Kind of school [2]	Average fee,[3] 1946–47					
	Privately controlled institutions		Publicly controlled institutions			
			For residents		For nonresidents	
	Amount	As of 1938–39	Amount	As of 1938–39	Amount	As of 1938–39
		Percent		*Percent*		*Percent*
Agriculture			$83.87	133	$249.95	116
Arts and sciences	$296.99	129	98.78	122	224.72	128
Business administration	373.84	112	121.76	131	237.74	125
Dentistry	529.25	156	297.33	117	460.67	120
Education	316.04	124	88.78	136	192.41	149
Engineering	443.61	133	124.29	128	293.09	179
Junior college	265.54	132	93.82	141	183.46	180
Law	371.24	133	163.30	156	295.17	146
Medicine	562.10	124	331.04	150	505.45	107
Graduate	322.06	123	117.22	145	236.96	111

[1] Source: Unpublished data of U. S. Office of Education for academic years ending June 30, 1939, and 1940.
[2] Amounts for agriculture, arts and sciences, business administration, education and engineering are restricted to those for undergraduate courses. By "graduate" is meant the liberal arts graduate school. Amounts shown are for attendance in institutions devoted primarily to the teaching of the subject matter specified, whether the institution be independent or a separate administrative unit of a larger institution.
[3] Amounts shown are for a 2-semester session or a 3-quarter or 3-term session, generally September–June. They are restricted to required fees and payments, exclusive of living expenses; fees paid once for a period of more than 1 year (e. g.: a matriculation fee) and are included on an allocated basis. Unless laboratory is a required part of the course of study, laboratory fees are not included.

Many young people in this country are not fortunate enough to live within 10 to 20 miles of a college. Yet, it has been shown in New York State that if there is a college with low or medium fees within commuting distance, a higher proportion of youth in the area will go to college. The California experience with a large number of local tuition-free junior colleges indicates that under these favorable conditions, where living at home is possible, as many as 65 percent of the high-school graduates continue for at least two more years of education.

Room and board constitute the greatest single cost in college attendance away from home. These charges vary widely, and there is usually a considerable range of costs within a single institution. In land-grant and State institutions the average room and board charges in 1947 amounted to $348.40 per student, as contrasted with a minimum average of about $500 a year for room and board at privately controlled universities.

At a State institution, where education away from home generally costs the least, a minimum outlay for a resident of the State would have required about $700 for the 9 months school year ending June 1947. The State of New York—a high-cost educational area—estimates that in 1941 the average student in the State spent about $1,000 for tuition and other academic fees, board, room, recreation, books, supplies, and laundry, but not including clothes or transportation. Using estimates of the increase in prices for these goods and services, the 1947 expenditures would not have averaged less than $1,500.

This great increase in costs has produced another important barrier to college attendance. Families with low incomes frequently feel the need for wages contributed by their younger members, who, hence, may be pressed to go to work instead of to college. Furthermore, in the large number of families at marginal levels of money income, it is clear that even if there were free tuition, excessive family sacrifices would be necessary were their children to attend college.

The financial difficulties already noted at the undergraduate level become greater for graduate and professional education because of the fact that at these levels the total cost of education is substantially higher. The greater difficulties involved in making opportunities available for talented students to pursue graduate or professional training give this problem a special status. The Commission's specific proposals for meeting this problem will be detailed in chapter IV of this volume.

BARRIERS AFFECTING ENTIRE COMMUNITIES

Certain limitations of educational opportunity confront entire communities, and affect all those within these disadvantaged areas who seek to attend college. Such barriers arise primarily from regional and area variations in money income. The community is but the family writ large, and economic weakness of the community cannot but affect the quality of its educational provisions.

All data emphasize the impact of economic disadvantage upon the educational life of the people. Throughout the Nation, young people in rural-farm areas have completed less school grades than the rural nonfarm and urban population of the same age. According to the 1940 census, the 14-year-old children in rural farm areas had completed 7.4 years of school, whereas the figures show 7.8 for rural nonfarm and 8.3 for urban areas. The disparity for 18-year-olds is even greater: 9.2 years in the rural-farm areas, 11.1 in rural nonfarm, and 12.0 in urban. Nor is this differential a reflection of retarded school careers in rural areas, since the median age in each school grade is about the same in the various areas.

Where resources are limited, local communities alone are unable to break the vicious cycle of poverty and low educational attainment. The community concept must be expanded so that citizens think of the United States as one great community having to share this financial responsibility. The economic resources of the entire Nation have to be drawn upon to assure a common denominator of extended educational benefits commensurate with the abilities and aspirations of the American people. The great need is for improved education at every level and in every community. The ultimate responsibility for this betterment has to be acknowledged by the entire Nation.

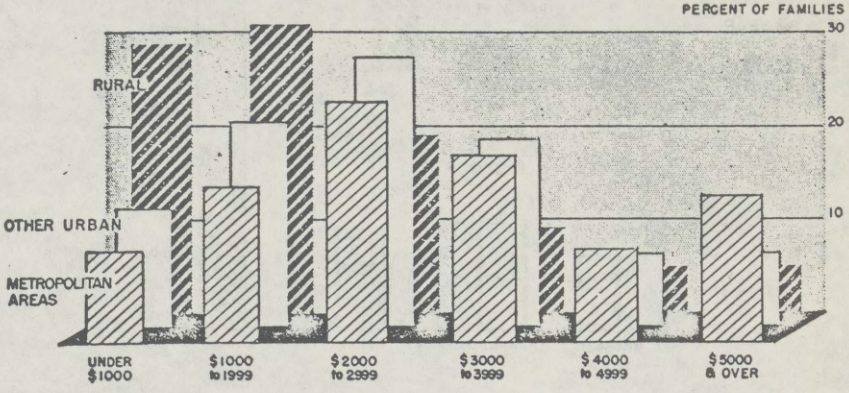
As shown in table 3, wide variation occurs in the ability of different areas to support higher education, and the lowest point is reached in agricultural areas, especially where cash crops prevail.

Chart 5 offers a dramatic confirmation of the disadvantaged income status of rural-farm areas. In 1940, 29 percent of the Nation's children (5–17 years of age) were in rural-farm areas, but the income from agriculture for the United States as a whole was only 7 percent of the total income payments in the United States.

Chart 5

DIFFERENCES IN FAMILY INCOME

METROPOLITAN, OTHER URBAN, RURAL
DISTRIBUTION - 1946



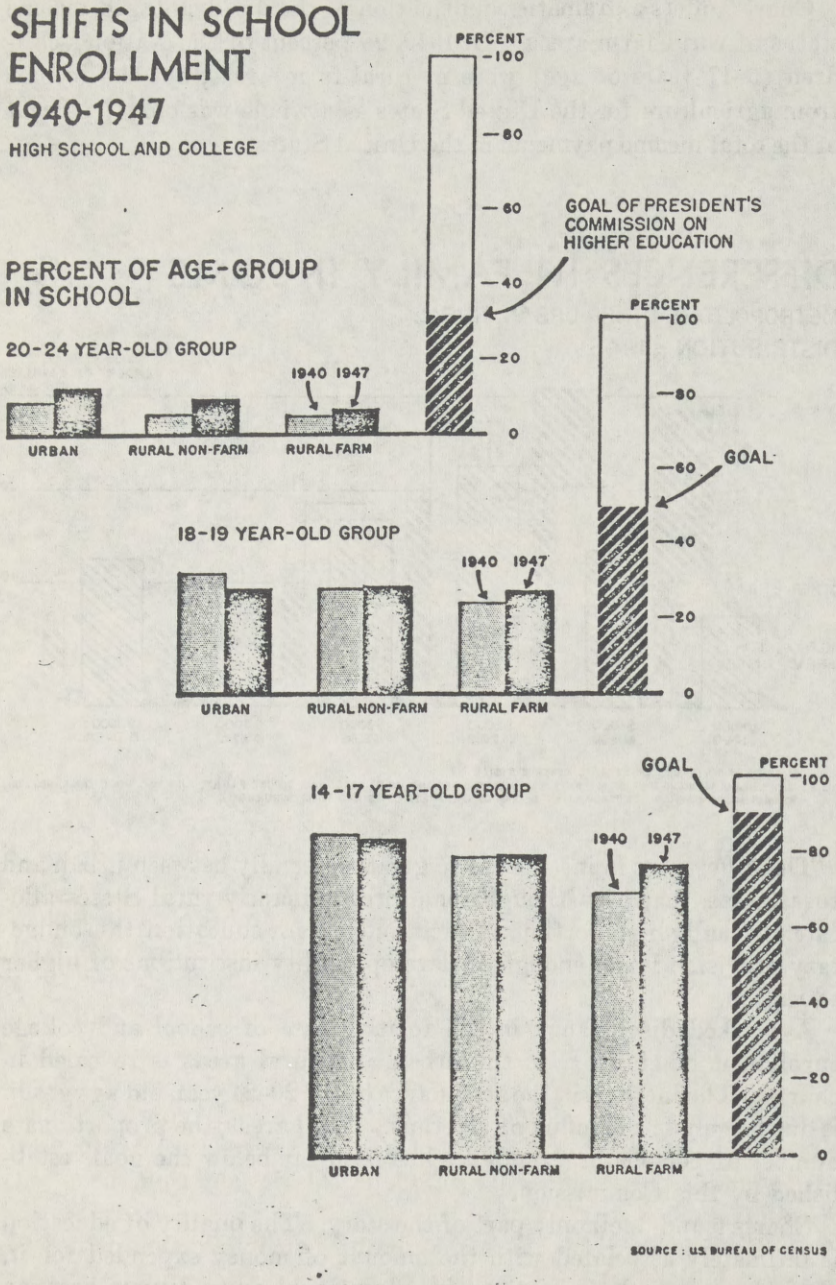
SOURCE: BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM
NOTE: FAMILY MEANS SPENDING UNIT OF ALL PERSONS IN SAME DWELLING UNIT, BELONGING TO ONE FAMILY, AND WHO POOL THEIR INCOMES TO MEET MAJOR EXPENSES. "METROPOLITAN" REFERS TO 12 LARGEST CITIES AND THEIR SUBURBS

The differences in income are so great, especially between urban and rural areas, that even though some predominantly rural States allocate unusually high portions of their budgets for education, this budgetary provision is not enough to develop quality institutions of higher education.

A marked discrepancy in the relative rate of school and college enrollment of children in the urban and rural areas is revealed in chart 6. The increase in the attendance of the 20–24 year-old age group is due largely to the influx of veterans. In all areas, the proportionate number of persons in attendance has been far below the goals established by this Commission.

Charts 5 and 6 tell only part of the story. The quality of education is intimately associated with the amount of money expended for it. Table 3 reveals the variations in educational expenditures between regions in the United States.

Chart 6



SOURCE: U.S. BUREAU OF CENSUS

TABLE 3.—*Percentage distribution of institutions and current educational expenditures for higher education: 1940* [1]

Region	Percent of all institutions	Percent of total educational expenditure
Northeast	21	32
North central	34	32
South	33	24
West	12	12

[1] Source: U. S. Office of Education.

The loss in educational quality in the colleges and universities of the economically handicapped region adversely affects all individuals alike. Ineffective libraries or deficient laboratories drag heavily upon scholarly effort. Children who have completed their elementary and secondary schooling in a substandard system usually fare poorly when thrown into competition with the graduates from better schools. The same truth holds when the graduates of substandard colleges enter upon advanced study.

Inadequate schools are not, of course, the exclusive property of any one region or area. Economic conditions in certain areas predispose one to expect schools of inferior quality. But even in these areas, teachers and administrators have overcome great obstacles and created institutions which achieve marked success. On the other hand, within more wealthy regions one may find institutions which are educationally of poor quality.

No general raising of the level of educational effectiveness within the poorer States is possible without additional expenditures. Higher education, as now financed in the economically weak areas, does not and cannot offer the monetary inducements necessary to attract and hold adequate faculties. Without such faculties there can be no removal of a handicap which strikes indiscriminately at all who attend the colleges of the area. This is true even though instances of devoted and effective educational efforts by underpaid teachers are fortunately common.

This Commission is concerned with assuring a better education for students who succeed in enrolling. Mere access to the campus in no way guarantees equality of educational opportunity. The quality of instruction must be raised. In volume IV of its report, "Staffing Higher Education," this Commission has emphasized the need for additional funds to raise and equalize faculty salaries and thus the quality of education.

The mobility of college students, both in their selection of institutions and in their selection of places of residence after graduation, further supports the view that higher education is a national concern.

Educational inferiority in any area is a weakness of the whole Nation. The sharing of national resources is essential to remove the educational limitations faced by the less fortunate communities.

EXPANDING EDUCATIONAL OPPORTUNITIES

There are several well-defined areas within which immediate and constructive steps might be taken. Of major importance is the establishment of a national system of scholarships (or individual grants-in-aid) and fellowships which will guarantee that a greatly increased number of qualified young persons have a chance for full educational development. This issue is so important that the whole of chapter IV will be devoted to it.

Of equal urgency as a step toward the massive broadening of opportunities for college attendance, this Commission urges the extension of free public education through the fourteenth year, whether attendance during the thirteenth and fourteenth year is in a 2- or a 4-year college.

A collateral activity should be a concerted drive to reduce all fees for public colleges and universities.

Tuition-Free Community Colleges

The volume of this report, "Establishing the Goals," defines the local publicly controlled community college as the next great area of expansion in higher education. The establishment of these tuition-free institutions will give many individuals the opportunity to study during the thirteenth and fourteenth school years in their own communities.

Reduction of Fees

It has been shown above that there has been a constantly increasing trend among all institutions of higher education to impose tuition fees and to increase tuition and supplementary fees for such other purposes as laboratory work, library use, and health care. It is necessary to reduce the barriers raised by these fees.

To that end, this Commission recommends that in publicly controlled institutions there be no tuition or other required fees for the thirteenth and fourteenth school years, irrespective of whether they are offered by a 2-year or a 4-year collge; and that fees above the fourteenth school year be reduced at the earliest possible moment to the level prevailing in 1939.

It is recognized that with respect to tuition and other fees the privately controlled colleges are confronted with serious financial difficulties. But it is to be hoped that such colleges will do all in their power to keep the costs to students as low as is economically possible. The high level of fees in such institutions represents a danger to the

institution: the danger of restricting their student body largely to students from families of high income.

It is the responsibility of the community, at the local, State, and National levels, to guarantee that financial barriers do not prevent any able and otherwise qualified young person from receiving the opportunity for higher education. There must be developed in this country the widespread realization that money expended for education is the wisest and soundest of investments in the national interest. The democratic community cannot tolerate a society based upon education for the well-to-do alone. If college opportunities are restricted to those in the higher income brackets, the way is open to the creation and perpetuation of a class society which has no place in the American way of life.

There have to be facilities for assuring to our people an understanding of the world about them, and for developing mature skills to control the forces at work in the world. For a virile democratic society there must be a substantial majority of people who understand and will assume the responsibilities for seslf-government. Eternal vigilance cannot be maintained by an inadequately educated people. When this truth is clearly understood by the American public, it will strive unrelentingly through education to give substance and actuality to the equality of opportunity which it professes.

CHAPTER III

Discrimination in Higher Education

A discussion of discrimination involves controversial problems which have a long history in the United States and which acutely reflect regional differences of experience and attitude. Complete correction of the difficulties cannot take place immediately or suddenly. Such deep-seated problems require time and education for their eradication. They require patience and mutual forbearance. They require also a steady, determined, and consistent effort by all to effect the changes needed. It is in this spirit of evolutionary yet courageous and persistent will to improve the situation that the following discussion is presented.

Discrimination in the admission of college students because of an individual's race, creed, color, sex, national origin, or ancestry is an antidemocratic practice which creates serious inequalities in the opportunity for higher education. The Commission is opposed to discrimination and believes it should be abandoned.

Discriminatory practices deprive the Nation of a great variety of talent, create and perpetuate serious inequalities, and generate dangerous tensions. The impact of these social attitudes and behavior patterns adversely affects our entire society—group relationships, the individuals who discriminate, and the individuals who are discriminated against. This spiritual damage is not measurable; indeed it has never been recognized with complete honesty. To the extent that intolerant attitudes against members of minority groups are given support by our educational institutions, the fabric of our democratic life is endangered.

A quantitative measure of discrimination at the undergraduate level is impossible to obtain. Educational institutions are reluctant to be explicit about their selection criteria as these apply to minority groups. Discriminatory practices are denied, ignored, or rationalized. *But it requires no parade of statistics to know that the situation for young people of minority groups is today unsatisfactory, both in their opportunity to enter college and in the happiness of their*

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college life. Enrollment data unmistakably indicate the prevalence of quota systems and policies of exclusion. The nature of discrimination varies with respect to different minority groups and in different sections of the country. But discrimination on grounds of an individual's race, creed, color, sex, national origin, or ancestry is undoubtedly a fact in many institutions of higher education.

The problem is not limited to the individuals who are denied admission. Even for such of the minority group students as are admitted, the unhappy consequences of intolerance can be and often are profound and lifelong. The frustrations of social discrimination—in the dormitories, in honorary societies, in fraternities and sororities, on athletic teams, and at social functions—strike at the personal dignity of the affected students from minority groups. There are even some college communities in which a nonwhite student cannot get a haircut or be served in the local restaurants.

Colleges have a unique opportunity to offer an experience in tolerance and understanding which grows out of democratic relations with students from various national and religious backgrounds. Colleges should become laboratories of inter-race and interfaith fellowship.

There is need of deep searching of soul on the part of all to face this problem honestly; to work courageously and persistently for a program of correction which will supply a guide and an example of equality and justice for the national community.

In a world striving for international understanding and permanent peace it is essential that this Nation achieve unity and intergroup cooperation within its own borders. Our statesmen are sometimes embarrassed in their international dealings by racial discrimination within the United States. Its existence weakens our position in international affairs at the same time that its impact exacts grievous economic, moral, and political costs at home.

Other international repercussions result from these discriminatory practices. As our educational institutions enroll an increasing number of foreign students, the inconsistency between profession and practice becomes even more apparent. Many foreign students now coming to American colleges are from groups which we tend to regard as minority. If our domestic house is not in order, these visitors will be subjected to the same embarrassments, exclusions, and social separations in our colleges and local communities as our domestic minorities now experience. The broadening of student outlook and a free and tolerant exchange of knowledge is thus injured, and failure to accept these students fully, without discrimination, will interfere with amicable international relations.

TO END DISCRIMINATION

It is often said that colleges and universities reflect rather than shape public attitudes; that educational institutions cannot run counter to community sentiment, tradition, and alumni attitudes. To some extent, of course, this is true. But this factor cannot be made the excuse for inaction within the colleges.

This Commission urges educational institutions to act as pioneering agents of leadership against discrimination. Each institution should conscientiously plan and prosecute a well organized program to reduce and where possible promptly to eliminate discrimination, not only by correcting its policies and practices, but also by educating its students to seek the abolition of discriminatory practices in all their manifestations.

This Commission is fully aware of the practical difficulties confronting such a program. It is realistic about the legalities, regional attitudes, and other conditions which complicate the problem. But realism has also to admit that elimination of discrimination is the goal, and that American institutions of higher education should be committed to working progressively in specific terms to remove present inequities.

The urgency of this issue in our national life, in education, and in the growing sense of grievance in the minds of all minority group members does not promise, however, to let a satisfactory democratic outcome wait upon statements of pious intention or upon tardy voluntary action. State legislation which places explicit and uniform obligation upon all institutions of higher learning to abandon discriminatory practices is currently being urged in New York State, Pennsylvania, Massachusetts, and New Jersey; and there is every reason to suppose that the enactment of such measures will come in the reasonably near future. Where assurance of good conduct in other fields of public concern has not been forthcoming from citizen groups, the passage of laws to enforce good conduct has been the corrective method of a democratic society. Extension of this method into the educational field with respect to discriminatory practices is, therefore, not only a defensible measure; it is also in the light of the resistances, timidities, and varying practices of today the logical next step.

Fundamentally, adherence to discriminatory procedures in privately controlled colleges has been based upon an assumption by such institutions that they had solely a private responsibility. But this view is now rapidly giving place to one of public accountability on the part of all colleges and universities. It is becoming generally acknowledged that despite a large measure of private control and private support, these institutions are vitally affected with a public interest. Not only is this reflected in the privilege of tax exemption which they are ac-

corded, but also in the process of State accreditation in certain States, and in the recognition that they constitute part of a program of higher education dedicated to the Nation's welfare. They are thus genuinely vested with a public interest and as such are morally obligated to abandon restrictive policies. As the President's Committee on Civil Rights has stated "* * * the public cannot long tolerate practices by private educational institutions which are in serious conflict with patterns of democratic life * * *."

In order that this mandate of public obligation shall have equal force everywhere, and not lead merely to pronouncements by individual colleges, the invoking of legislation along lines of the proposed legislation against discrimination in New York seems the logical way of advance. The Commission concludes that to assure a universal and equal regard for a policy of nondiscrimination the legal method becomes both fair and practical.

Moreover, a universal legal mandate can be a helpful defense for admission officers against undue pressure of alumni groups and of professional associations which may attempt to influence admissions policies in order to maintain the character of an institution in accord with an established tradition. There is good ground for belief that a required removal of discriminatory criteria for the selection of students would result in a more diversified distribution of students from minority groups among all institutions, with a minimum of concentration in a certain few colleges and universities.

Admissions policies of those public universities where a high school diploma qualifies students for entrance differ from the admissions policies of independent institutions which set up a variety of criteria. Such diversity is no doubt part of the strength of the American educational system. The distinctive character of American colleges and universities, under their separate charters and leaders, assures that each institution will define for itself specific educational objectives, and this implies some differential policy of student selection. Privately controlled colleges and universities have thus far been free legally to limit and choose their students according to criteria beyond those based on specified standards of intelligence and scholarship. Among these criteria now in use for which there may be some justification are the giving of preference to children of alumni, to applicants from specific geographic areas, to students who rank above a given level in the graduating class in high school. Institutions operating under sectarian auspices may appropriately give priority to students affiliated with those denominations.

Also, many privately controlled colleges wisely find it necessary to stipulate a maximum size for their student bodies. This stipulated enrollment is being exceeded in most institutions in the present emer-

gency years. But it is almost certain that some colleges will reduce their maximum enrollments again when the veteran demand is past. Taken together, these policies reduce the opportunity for qualified young people to attend private colleges; furthermore, they restrict equality of opportunity based upon ability.

A valid distinction thus exists between justifiable selection standards and selection criteria which include discriminatory practices. Selection in accordance with the stated objectives of the institution, based on scholarship, other worthy qualities of the student and other justified, publicized, and consistent standards is defensible. But it is possible to use such standards as a cover for unjustified discrimination. It is admittedly difficult either to discover or to rectify such a situation if the institution is reluctant to abandon discriminatory practices.

It is vital to stress that discrimination in one or another form and against one or another minority group is a national phenomenon, and is not confined to one or two minorities nor any one area in the Nation. Its consequences are felt throughout the land by such diverse religious and racial groups as Negroes, Jews, Catholics, Puerto Ricans, Mexicans, Latin Americans, Italians, and Orientals.

The documentation in this report of these consequences cannot be and need not be exhaustive. It is sufficient if it is illustrative in terms of the adverse results which follow in its wake. And this Commission is therefore presenting the evidence most readily available without claiming that the documentation and examples here offered embrace the entire problem.

RACIAL DISCRIMINATION[1]

The Negro is the most frequent victim of racial discrimination because prejudice on the basis of color is dominant in the American community. This is virtually as true in other parts of the country as in

[1] Statement of dissent:

The undersigned wish to record their dissent from the Commission's pronouncements on "segregation," especially as these pronouncements are related to education in the South. We recognize that many conditions affect adversely the lives of our Negro citizens, and that gross inequality of opportunity, economic and educational, is a fact. We are concerned that as rapidly as possible conditions should be improved, inequalities removed, and greater opportunity provided for all our people. But we believe that efforts toward these ends must, in the South, be made within the established patterns of social relationships, which require separate educational institutions for whites and Negroes. We believe that pronouncements such as those of the Commission on the question of segregation jeopardize these efforts, impede progress, and threaten tragedy to the people of the South, both white and Negro. We recognize the high purpose and the theoretical idealism of the Commission's recommendations. But a doctrinaire position which ignores the facts of history and the realities of the present is not one that will contribute constructively to the solution of difficult problems of human relationships.

ARTHUR H. COMPTON,
DOUGLAS S. FREEMAN,
LEWIS W. JONES,
GOODRICH C. WHITE.

the South. The Negro must endure discriminatory practices in almost every aspect of his life. That such practices and attitudes are rooted in the history of our country does not make it easier for him to bear them.

The Educational Status of the Negro

The following recital of the educational opportunities of the Negro is an unadorned statement of fact. It presents a sobering indictment. This picture would appear much less grim were we to contrast present conditions with those of 1900. From this point of view, there has been notable progress and an extraordinary disposition to confront the inadequacies with an eagerness for improvement. This rapid rate of improvement since 1900, however, stems from the excessively low educational level of the Negro at the turn of the century. What is necessary at this point in our history is an objective examination of the present situation in order that we may accelerate the advances of the past.

According to the U. S. Bureau of the Census, data for 1940 revealed that Negro adults 25 years and over completed on the average only 5.7 years of schooling while the average for native white adults was 8.8 years and for foreign-born white adults was 7.3 years. While 92.5 percent of the native whites and 71.0 percent of the foreign-born whites had completed at least 5 years of grade school, only 58.0 percent of the Negroes had done so. While 82.7 percent of the native whites and 56.3 percent of the foreign-born whites had completed seventh grade, only 36.1 percent of the Negroes had accomplished as much. High school data are even more significant: 7.3 percent of the Negroes completed 4 years of high school; this contrasts with 28.8 percent of the native whites and 11.6 percent of the foreign-born whites. In higher education only 1.3 percent of the Negroes in contrast to the 5.4 percent of the native whites and 2.4 percent of the foreign-born whites completed a 4-year college course.

There are still those who deny the equal educability of the Negro and the whites, who allege an inherent lower intellectual capacity. But such stereotypes have been repeatedly disproved by authoritative scientific study both in the fields of anthropology and physiology, and in the records of educational achievement itself. Whatever differentials are observable in progress and attainment are clearly attributable to discrepancies in family, neighborhood, and total cultural background and experience. Wherever educational opportunity, along with more equitable economic and social conditions, has had even an approximate chance, the record of the Negro has shown no material difference from that of any other group.

However, the case for the extension of equal education for the Negro rests only in part upon his equal educability. The basic social

fact is that in a democracy his status as a citizen should assure him equal access to educational opportunity.

The Impact of Segregation on Higher Education for Negroes

The problem of discrimination is intensified and complicated in the 17 Southern States and the District of Columbia where legalized segregation limits educational opportunities for the Negro. Customs and attitudes, as well as statutes, in the South, have required that Negroes be denied admission to the institutions of higher learning for whites. The legal provision is that there shall be facilities supplied for "separate and equal" education of white and Negro students. But the separate and equal principle has nowhere been fully honored. Educational facilities for Negroes in segregated areas are inferior to those provided for whites. Whether one considers enrollment, over-all costs per student, teachers' salaries, transportation facilities, availability of secondary schools, or opportunities for undergraduate and graduate study, the consequences of segregation are always the same, and always adverse to the Negro citizen.

The President's Committee on Civil Rights in considering segregation came to the conclusion that "The separate but equal doctrine stands convicted on three grounds. It contravenes the equalitarian spirit of the American heritage. It has failed to operate, for history shows that inequality of service has been the omnipresent consequence of separation. It has institutionalized segregation and kept groups apart despite indisputable evidence that normal contacts among these groups tend to promote social harmony."

Negroes represent approximately 10 percent of the total population of the United States. Yet enrollments of Negroes in institutions of higher education during the school year 1947 accounted for only 3.1 percent of the total. An estimated 75,000 students of Negro descent were enrolled; of these, approximately 85 percent were enrolled in 105 segregated institutions.

The disparity is striking between expenditures for current education purposes by Negro and by other institutions of higher education in the District of Columbia and the 17 Southern States which require the segregation of Negroes. This is shown in an unpublished report by Mordecai W. Johnson, President of Howard University. For all types of institutions, whether publicly or privately controlled, the ratio of expenditures of institutions for whites to those of institutions for Negroes ranged from 3 to 1 in the District of Columbia to 42 to 1 in Kentucky. And nowhere in the area, except in the District of Columbia, did there appear a single institution that approximated the undergraduate, graduate, and professional offerings characteristic of a first-class State university.

Segregation of the races in educational institutions legally requires the maintenance of a double school system. In most States this greatly increases the total cost and difficulty in making equivalent education accessible to all. A double system thus means an almost certain lessening of educational opportunity and a lowering for all of the quality of education. The more advanced the field of endeavor, the more wasteful and futile become attempts to justify a double system.

It is a tragic paradox that the communities and the States which are generally least able to afford this dual system of education strive to maintain it by virtue of their laws and traditions. *The National Survey of the Higher Education of Negroes*, published in 1942 by the U. S. Office of Education, disclosed that "whereas very few southern Negroes were attending . . . eight [selected and nationally known] northern universities in 1939–40, in the year preceding 4,000 northern Negroes attended Negro colleges. Almost 3,000 of this number attended colleges in Southern States. Thus it appears that institutions located in those States which have the least wealth are providing educational facilities for Negro residents from more economically favored regions."

Discrimination by Graduate and Professional Schools

Not only is a small proportion of the Negro population enrolled in colleges and universities, but in addition Negro students receive a much smaller proportion of advanced degrees. In 1940 institutions for Negroes only (henceforth called Negro institutions) granted 2.4 percent of all earned degrees for that year. Moreover, of the 5,201 degrees granted by the Negro institutions, 97 percent were bachelors degrees, 3 percent were masters and none were doctorates. In the same year, of the degrees granted by all other institutions, 86 percent were bachelors, 12 percent were masters, and 2 percent were doctorates.

TABLE 4.—*Enrollment and degrees earned in the United States: 1940* [1]

1940	Negro institutions		All other institutions	
	Number	Distribution	Number	Distribution
		Percent		*Percent*
Enrollment in continental United States	41,839		1,452,364	
Earned degrees granted	5,201	100	211,320	100
Bachelors or 1st Professional	5,056	97	181,444	86
Masters or 2nd Professional	145	3	26,586	12
Doctorates or 3rd Professional			3,290	2

[1] Source: U. S. Office of Education.

In the academic year 1947, some 40,000 advanced degrees were granted in the United States. Negro institutions accounted for 481 of these degrees, all of which were masters and none of which were

doctorates. In unsegregated institutions, 8 doctorates (Ph. D.'s) were granted to Negroes, more than 3,775 to non-Negro students.

This Commission, therefore, is concerned not only with increasing opportunity of Negroes to enroll in college, but also with enhancing the resources for Negroes to be trained for an increased number of advanced professional degrees.

Denial of professional education to Negroes affects our already scarce resources for research. Present constrictions upon professional education minimizes scholarly research into regional, social, and national problems (especially those of the Negro people), which research should be an invaluable addition to the scholarly contribution of Negro students. It also lessens research in all fields which would qualify the Negro scholar for college teaching and advanced research positions.

The extent of discrimination in professional education is further illustrated by the situation in medical schools. There are 77 medical schools in the country which graduated an average of 5,000 doctors per year between 1930 and 1939. Because of increased enrollment in medical schools during the war, 5,826 physicians were graduated in 1946. Of thees only 154 were Negroes and all but 20 of these were graduated from the 2 Negro schools, Howard University and Meharry Medical College.

Of the 77 medical schools in the Nation, 20 are located in the South and do not admit Negroes; the remaining 55 are presumably open to Negroes. Actually, only one-third of the presumably nonsegregated schools are admitting Negro students. In 1938, the last year when the American Medical Association separately reported Negro and white medical students, only 372 Negroes were enrolled in all medical schools; 40 of these were enrolled in 17 of the 55 nonsegregated schools. In 1946, of the estimated 592 Negro medical students, 85 were enrolled in 20 nonsegregated schools; the remainder were enrolled in Meharry Medical College and Howard University.

Because of staff and plant limitations, the two Negro medical colleges cannot begin to train the Negroes who desire and who are qualified for careers in medicine. Howard University Medical School reports that its freshman class in prewar years was necessarily restricted to 60 students. Through further overtaxing of facilities the number has now been extended to 75 students.

Yet, in each of the years from 1935 to 1945 the school had from 600 to 700 applicants, and in 1946–47, this number increased to 1,350. The major factor limiting the training of Negro doctors is the practice of barring Negro students from clinical facilities, even in tax-supported hospitals. Internship and residency in a hospital are educational requirements for a career in medicine and they constitute additional areas where discrimination exists. Thus Negro students

must train only in Negro hospitals, and there are only about 112 such hospitals in the United States. Of these schools, 25 are accredited, and only 14 are approved for the training of interns.

Obviously the present production of Negro physicians cannot keep pace even with the growth of the Negro population, much less contribute to the general need. This shortage of doctors, serious for the white population, is a near catastrophe for the health of the Negro population, and discrimination by educational institutions is a contributing factor to it. Even when account is taken of the difficulties of obtaining a wise distribution of physicians throughout the country in relation to population, these figures still suggest an inadequacy of supply of Negro doctors which is indefensible.

The situation regarding Negro dentists is even more striking. Again, discrimination places the responsibility upon Howard University and Meharry Medical College to train the great bulk of the Negro dentists. Howard University Dental School reported in 1947 that its freshman dental class is limited to 50, although approximately 600 applications have been received annually for many years and nearly 1,000 applicants sought admission to the freshman class in the fall of 1947.

Of a total of 1,280 nursing schoools in the country in 1947, 28 admit Negroes only, 38 admit Negro and white students, and the remaining 1,214 are for whites only. In 1945 the U. S. Public Health Service reported that the percentage of Negro nurses in the public health field is roughly 5 percent, whereas the Negro population in the United States is over 10 percent. Although there has been an encouraging increase in the number of Negro public health nurses as well as in the extent and quality of their preparation, nevertheless, as of January 1, 1945, only 6 percent had one or more college degrees, 86 percent had completed high school, and 8 percent had less than high school training.

Table 5 well summarizes the situation in several important professional fields. But let it be noted that ratios as here cited are merely metric devices. ***The use of ratios is never to be construed as an***

TABLE 5.—*Comparison of number of Negroes and whites in selected professions in comparison to Negro population and white population in segregated areas* [1]

Profession	Ratio of practitioners to population		Ratio of Negroes per Negro practitioner to Whites per White practitioner
	Negro	White	
Doctors	1:4,409	1:843	5
Dentists	1:12,101	1:2,795	4
Pharmacists	1:22,815	1:1,714	13
Lawyers	1:24,997	1:702	36
Social workers	1:11,537	1:2,654	4
Engineers	1:130,700	1:1644	203

[1] Source: "The Availability of Education in the Negro Separate School." *The Journal of Negro Education*, Summer, 1947, pp. 264-265.

endorsement of a racially determined percentage of those to be educated for either a general or a specific purpose.

To End Racial Discrimination

This Commission concludes that there will be no fundamental correction of the total condition until segregation legislation is repealed.

Deep-seated, long-standing forces of opinion and sentiment are obviously involved. Segregation laws cannot be wished away or eradicated by executive order. But influences looking to their repeal are at work; time and more vigorous effort will change public sentiment. White and Negro citizens will have to continue to work together to secure the necessary legislation and then implement it adequately so that the educational opportunity for white and Negro students will become equal. Until such action is taken, the opportunities for Negroes to qualify as leaders in education, law, medicine, the church, and other areas will be limited seriously. Our national life is made poorer by the lack of such leadership.

Since legalized segregation still exists, this Commission urges that the separate educational institutions for Negroes be made truly equal in facilities and quality to those for white students. The Fourteenth Amendment to the United States Constitution states that "No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws." The Maryland Court of Appeals, and the U. S. Supreme Court in a recent Missouri case, have both held that the fourteenth amendment, guaranteeing equal protection of the law, obligates every State to make available within its borders, to qualified Negro applicants, facilities for graduate and professional instruction equal to those offered to white students. Chief Justice Hughes' opinion declared that the practice of offering to pay the tuition fees of qualified Negro residents who must go outside the State to obtain such instruction does not meet the requirements of the Constitution.

A tremendous program for strengthening all of the southern Negro institutions is required if educational opportunities are to be equal. Until Negro young people have available the opportunity to attend elementary and secondary schools which properly prepare their graduates for college, segregation works as a virtual nullification of the opportunity for higher education everywhere.

The seriousness of the limitations upon Negro education makes it necessary to strengthen the private Negro colleges of the South which are now serving Negro youth in large numbers. Despite the fact that this recommendation is apparently inconsistent with the Commission's

position that segregation should be eliminated, the immediate practical fact is that with such meager opportunity of Negro youth for education, every current program to alleviate this situation should be encouraged.

Another expedient which has received consideration is the establishment of regional centers of study, attached to strong colleges and open to both white and Negro students, with broad curricular offerings and high standards of scholarship and research. This fails to meet the legal issue of providing equality of educational opportunity within each State, but it has the immediate practical merit that it would be economically feasible and be conducive to a more nonsegregated approach to regional educational problems.

If, as this Commission recommends, steps are taken to make Federal funds available to equalize higher educational opportunities among the States and otherwise to supplement inadequate State financial resources, all such legislation should clearly specify that there may be no discrimination in the channeling of such funds, either as regards possible individual beneficiaries under student grants-in-aid and fellowships, or as to institutions for white students as compared to institutions for Negroes only. Such provisions have not always been made in Federal legislation, the Smith-Hughes Act being a case in point. The Negro institutions should by law receive their full proportionate share of all Federal and State funds destined for the support of college instruction.

RELIGIOUS DISCRIMINATION

A second significant body of illustrative evidence regarding discrimination is most readily available in terms of the experience of students of Jewish heritage.

But before advancing this second illustrative body of evidence, it is well to repeat the warning that in determining opportunities for education, it is not sound democratic doctrine to invoke the argument of maintaining the same ratios of minority group numbers enrolled in colleges to total population numbers. The only defensible basis is that total ability and interest—rather than quotas or ratios, however determined—be the criterion of admission to institutions of higher learning.

Jewish students represented 9 percent of the fall 1946 total enrollments in colleges and universities of the United States, according to findings of a decennial study conducted by the Vocational Service Bureau of B'nai B'rith, a national Jewish service organization. Enrollment figures were obtained from 1,504 out of 1,598 institutions, or 94 percent of those included in the study. The fact that the Jewish proportion of the college population is greater than the Jewish proportion of the total population of the country is largely explained by

the fact that the Jews in the United States are an urban people, and proportionately more than twice as many urban whites go to college as rural whites.

Techniques of Discrimination

Jewish students, however, do not have equal opportunity with non-Jewish students in the choice of institutions and in certain fields of advanced study. This situation has been aggravated in recent years. The obstacles created by private institutions of higher education are manifested in tacit or overt quota systems.

Efforts have been made by official and nonofficial groups to determine the exact extent of discrimination against Jewish students. An investigation of admission practices and policies of "nonsectarian institutions" in New York City was authorized by the Council of the City of New York in September, 1946. A special investigating committee was appointed, with full authority to attend and examine and take testimony under oath.

During the hearings it was conceded that the best method of disproving these charges would have been to produce the applications and records of accepted applicants in order to make a comparison with the stated qualifications of those rejected. The committee report states: "* * * it is fair to assume that the colleges or institutions claiming that the accusations of discrimination were unjust would assiduously guard the records which would result in their exculpation." Nevertheless, witnesses under oath testified that, in accordance with general practice, records for preceding years had been destroyed.

The committee also studied changes in the application forms prepared by the professional schools in New York City. Prior to 1920, an applicant was required merely to set forth the following information: name, address, age, place of birth, name of secondary school or college, scholastic record, and recommendations. Subsequently, many institutions requested data concerning his religion and places of birth of his father and mother. Then he was asked to furnish a photograph. Some of the schools, apparently because of criticism, substituted for a question on religion a question concerning "racial origin." This latter was dropped in some areas and applicants were required to state their "mother's maiden name." Every witness before the committee conceded that answers to such questions were of no value in determining the applicant's qualifications. The committee drew the "inescapable conclusion" that the institutions were "extremely anxious * * * to ascertain the racial origins, religion, and color of the various applicants for a purpose other than judging their qualifications for admission."

Indeed, it can almost be said that the request for certain information on application forms constitutes an all but prima facie case that such information is likely to be used for discriminatory purposes. A recent study of the questions asked on the admissions blanks of a large sampling of colleges leads to the conclusion that a substantial proportion include several questions which are readily susceptible for use in carrying through a tacit policy of discrimination. It is unquestionably true that many facts about ancestry, religious affiliation, and the like are legitimately useful to the college or university. But it is clear that all such information needed for educational purposes can readily be obtained *after* the student has been admitted rather than before.

This Commission, therefore, recommends the removal from application forms of all questions pertaining to religion, color, and national or racial origin. And it points out that the proposed State legislation against discrimination above referred to would automatically lead to the elimination of all questions of this kind.

Discrimination by Professional Schools

Turning now to the situation as to the attendance of students of Jewish families in professional schools, a sharp decline is to be noted in the percentage of Jewish law students. In 77 out of 160 law schools reporting to the B'nai B'rith in two surveys, one for the fall of 1935 and the other for the fall of 1946, the proportion of Jewish students dropped from 25.8 percent to 11.1 percent. While total enrollment in the 77 schools went up from 22,809 to 25,796, Jewish enrollment was reduced by more than half—from 5,884 to 2,862. Forty-six of the 77 schools are private; their total enrollment dropped 600, but they have 2,800 fewer Jewish students.

It is true, of course, for all the figures of professional school enrollments here set forth, that they include data for the recent years when rejections of all types of candidates have tended to be far higher than acceptances. Hence, it is as indicative, rather than as absolutely conclusive testimony that these figures have to be interpreted.

Sixty-two out of 181 engineering schools reporting in both surveys showed the proportion of Jewish students to have declined from 6.5 percent to 5.6 percent. This decline has taken place only in the privately controlled schools.

The Jewish proportion dropped from 8.5 percent to 4.4 percent in architecture; from 13.6 percent to 11.1 percent in social work; from 16.7 percent to 10.7 percent in commerce; from 15.5 percent to 8.4 percent in fine arts. The Jewish percentage in journalism stayed at 10.4. It rose from 0.8 to 2.6 in nursing; from 3.1 to 4.7 in education. The proportion of Jewish students in osteopathy shot up from 9.1 percent to 20.3 percent; this sharp rise stems mainly from the blocking of opportunity in medicine.

The distribution of Jewish students in medical schools requires particular consideration. The B'nai B'rith received data from the same 57 of the 79 medical schools for the falls of 1935 and 1946. Over the 11-year period there was an absolute loss of 408 Jewish students, even though the enrollment in these 57 schools rose by 557. This constitutes a relative decline in the proportion of Jewish students to total students from 16.1 percent in the fall of 1935, to 13.3 percent in the fall of 1946.

In the field of dentistry, where keen interest is displayed by Jewish youth, comparison of the data received in 1935 and 1946 from the same 28 out of 40 dental schools showed an increase of 175 in total enrollment, but a decrease of 486 in the Jewish enrollment. This constitutes a percentage decrease of Jewish enrollment of from 28.5 to 19.7.

A substantial part of the blame for discriminatory practices on the part of the medical and dental schools belongs to the professional associations which tremendously influence the admissions policy of individual institutions.

With respect to the teaching profession, the situation regarding discrimination is also unfortunate. Here, although accurate quantitative data are almost impossible to obtain, there is reason to believe that qualified teachers from minority groups confront a difficult situation in pursuing their profession, both at the lower levels and in college instruction. Indeed, many otherwise qualified individuals do not embark upon the necessary training to become teachers because the difficulties of placement are so well known. Whether it be at the level of training, of admission to employment, of equality of treatment, or of possibility of advancement, teachers from minority groups suffer a serious disadvantage in many localities and institutions.

OTHER ARBITRARY EXCLUSIONS

Antifeminism in Higher Education

Opportunity for the higher education of women is relatively recent. Of the 61 colleges established in the United States by 1834, not one "was dedicated" to the cause of women's education. A number of female seminaries had been established giving instruction in literature, art, music, and conduct, but not including curricula paralleling those of institutions for men. In the third quarter of the last century a number of female seminaries became women's colleges, and State universities began to open their doors to women students. Many, however, believed that such developments were a mistake, and as late as 1871 one authority stated, "If females persist in attempting to endure the rigor of hard study, hospitals and asylums must need be

erected alongside of colleges for women * * * higher education of females is a mistake full of unreason and fruitful of sorrow."

This attitude of denial of opportunity has largely disappeared in the present century except at the professional school level. In 1940, women comprised 40 percent of the total enrollment in institutions of higher education. During the war years, the proportion of women increased to 65 percent, but in 1947 it dropped to about 32 percent.

This differential is even more significant with respect to the number of graduate and professional degrees awarded and of the enrollment in professional schools. Masters or second professional degrees were awarded to 8,317 men and 3,840 women and doctorates or third professional degrees were granted to 1,244 men and 123 women in 1939–40. In 1946–47, there were 2,093 women medical students or 10 percent of the total students enrolled. This is the highest absolute as well as relative number on record of women medical students in the United States.

Geographic Barriers

Still another arbitrary limitation, hopefully of a temporary character, is the restriction now placed by many publicly controlled institutions on students from outside the State. In some instances this has meant a complete prohibition of out-of-State students. In other States, the tuition differential in favor of resident students has been substantially increased. In the interest of a desirable mobility and regional interchange of college students, it is earnestly to be hoped that these institutions will remove barriers as rapidly as possible to out-of-State enrollments.

The Plight of the Nonveteran

Although it is a limitation of a different character, the pressure of veteran enrollments has temporarily reduced the opportunities for other younger students to enter college. The pre-World War II trend would have led to an expected enrollment of about 1.8 million college students in the school year 1947. Actually, about 2.4 million students were in college, about a million of whom were veterans above the normal college age. The statistics indicate that the number of youth of college age in college in 1947 is 500,000 less than the anticipated number based on the prewar trends. The conclusion is that a wise national policy of veteran education did, nevertheless, place serious difficulties in the way of about half a million of their younger brothers and sisters attending college in 1947. And this situation on a somewhat reduced scale may well continue into the next academic year. This situation only argues, of course, for the most rapid possible provision of more facilities so that there will be no question that both veterans and nonveterans and both men and women students can be accepted to the full extent of their qualifications.

Academic Requirements for Admission

In any enumeration of the factors of arbitrary exclusion or limitation it is necessary to mention the special nature of the typical current academic requirements for college entrance. The students usually considered by admissions officers most eligible to enter college are those who have taken the so-called *academic* course and been graduated from an accredited high school. Yet, out of a total of about 25,000 senior high schools, there are still some 3,000 which are unaccredited; this means that they fail to satisfy the standards of their State boards of education or a voluntary accrediting association with respect to their resources, equipment, curriculum, and quality of teaching.

Further, about 60 percent of the young people of high-school age were actually attending high school immediately before World War II, and of these less than half were taking the academic course designed to prepare them for college. Of this number, only one in three actually entered college.

The academic entrance requirements relating to secondary school courses and grades still constitute in too many cases an arbitrary hurdle to college admission. In respect to admissions there are three different procedures: that of some State universities where the high-school diploma is the sole basis for admission; that of independent colleges where special criteria are set up; and that of the church related colleges where admission requirements may on occasion be narrowed to affiliates of the particular church.

The high-school diploma as the sole criterion of admission to the State universities is increasingly recognized as inadequate. A partial indication of this is the high mortality of students who "drop out" of State universities in the first 2 years. General tests of intellectual capacity and aptitude for a college education are available; these can take adequate account of the wide disparities in high-school education even within individual States. Greater reliance on such tests, in addition to the highly reliable evidence of the ranking of the individual student in his high-school class, might well lead to a wiser selection of students by the institutions, which should mean more opportunity for more college work by more young people.

The desirability of a broadened selection base is discussed in the *Eight Year Study*, prepared for the Progressive Education Association. It showed that the actual subjects studied in high school were of less importance as an index of competence for college work than over-all intellectual capacity. It further showed that colleges can secure all the information they need for selective admission without prescribing the curriculum of the secondary school.

This Commission agrees with the conclusions reached in that study: first, "no college can be justified in setting up requirements for ad-

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mission which have been shown to be unnecessary in preparing students to do college work * * *; second, the knowledge, skills, habits, and qualities of mind and character essential as preparation for college work should be ascertained by colleges and schools cooperatively; and third, a plan for admission should be adopted which provides the college with needed information concerning candidates, but which does not prescribe the content or organization of the secondary school curriculum."

Emphasis upon a more flexible set of criteria for selection of college students implies no lowering of intellectual standards; quite the contrary. But colleges do need more realistically to confront the great variations in high-school curricula. Furthermore, they must be able to offset the handicaps of secondary school instruction which is of poor quality.

The important supplementary value of testing programs lies in the flexibility which they permit, both for the admission and for the advancement of the student. Adherence to rigid admission requirements and prescribed secondary school studies has worked a considerable hardship on individuals who, through inadequate counseling or inferior secondary school facilities, have come to the campus without the approved grouping of courses. Moreover, holding each college student to uniform course requirements too often enforces a dreary repetition of subject matter in the first two college years. Present bases of admission to graduate and professional schools are also admittedly unsatisfactory and not truly selective of superior talent.

The program for accrediting the educational experience of men in the armed forces has abundantly demonstrated that objective tests of mastery of knowledge and skill are adequate measures of potential success in college. More than a million former service personnel have taken the General Educational Development Test and other examinations. In many instances, their showing on these tests has served as a basis for the award of a high school diploma, or appropriate college credit.

The newly devised tests and related devices afford valuable means for recognizing individual differences at both undergraduate and graduate levels, and for adjusting individual study programs in terms of ability and achievement.

Special mention should be given to a further phase of the restrictive admissions policies of certain professional schools. Some professional associations, which have assumed heavy responsibilities for accrediting professional schools, have become too restrictive in the number of students they allow to be admitted. Such arbitrary limitations create a monopoly and do not provide sufficient practitioners to meet the national demand. An insistence on high

qualitative standards may thus be made the means of too drastic quantitative curtailment.

The Impact of Limited Guidance

The inadequacy of skilled educational and personal guidance services, both at the secondary school level and within the colleges, has imposed an arbitrary and unfortunate handicap upon many qualified students.

Half of our cities of over 10,000 have no provision for guidance in their local high schools. Efficient high school guidance would mean the salvaging of thousands of boys and girls for a longer educational experience.

Similarly, a well planned guidance program in college—including educational, vocational, and personal counseling—would help greatly to extend the college careers of many students who now do not become adjusted and who withdraw from college for reasons which could be corrected.

The importance of this guidance work in keeping open the channels of education for more people is indicated when note is taken of the great diversity in college admissions requirements, in varying tuition and scholarship provisions, to say nothing of the variety in curricular objectives and programs both in colleges with 2-year and in colleges with 4-year offerings. All of these various options and possibilities point conclusively to the need for a wide extension of competent precollege counseling in order to encourage and facilitate a wise channeling of secondary school students into the most suitable college Moreover, with the present sharp distinctions in many high schools between the *academic* and the *general* or *commercial* courses, unless the student has been guided to take the academic course, he is virtually precluded from qualifying for college entrance. All these factors combine to place young people from certain schools and regions at a serious disadvantage. Such a program would also have the additional social value of facilitating a better adjustment of individual talents to employment opportunities.

DEMOCRACY IN HIGHER EDUCATION

If we are to realize the democratic principle of equality of opportunity in education, new ways must be found to translate this principle into practice.

Fundamental to this effort must be a greatly increased will on the part of all American citizens to see that justice is done in educational institutions. There has been too much tardiness and timidity. It now seems clear that many institutions will change their policies only under legal compulsion.

Considerable thought and study should be given to the establishment of "Fair Educational Practices" laws, paralleling the so-called fair employment practices measures enacted or considered by several states. Such laws would give those believed to be the victims of discrimination recourse to an administrative procedure which might investigate and establish the facts of each individual case. That there have been benefits from the existence of legal remedies in the realm of industrial employment is now clear. Nor have the fears of the opponents of such legislation been substantiated in practice. Laws which place equal obligation upon every institution of higher learning to admit applicants only on the basis of publicly justifiable criteria would not resolve every problem of discrimination which exists within colleges and universities. If carefully devised, however, such measures should go far to equalizing educational opportunity.

Many believe that voluntary action, if vigorously and universally pursued, would be more desirable than compulsory action. But the assumption that early and general voluntary action will be adequate to meet the need does not appear to be warranted.

When colleges admit all qualified students—when scholarship, ability, and other defensible standards are made the basis of admission rather than race, color, creed, sex, national origin or ancestry—then a democratic solution will have been reached. When our colleges and universities are being vigorously administered in ways which promote equal opportunity for all qualified students, the local communities and the community of the Nation cannot help but follow such leadership in other areas of our national life.

CHAPTER IV

A National Program of Scholarships and Fellowships

In appraising the availability of educational opportunity in the United States, this report has stressed the grave inequalities in family income throughout the Nation, the increasing tuition and other fees, both of publicly and privately controlled colleges, the increasing living costs of students, and the difficulties confronted where high-school graduates live at a distance from a college.

This Commission recognizes the continuing importance of these economic barriers. Lowering of tuition fees and the establishment of a system of tuition-free community colleges have already been recommended. But these measures are not sufficient.

Each American family clearly has an obligation to do everything it can to provide for its children the highest educational level of which those children are capable. The obligation is first that of the family. The problem is complicated by the fact that, unhappily, circumstances so often prevent the family from redeeming its obligation.

The need for an informed, enlightened citizenry in a democracy is so great that educational opportunities must be provided for all. It is essential, therefore, to consider the practicability of a Federal program of scholarships or grants-in-aid, and fellowships. This program should supplement inadequate student-aid programs now provided through private grants, institutional scholarship funds, and State and Federal appropriations. The national program must be so conceived that it will encourage the further provision of funds from private, local, and State sources. Also, the program must be so administered that it will foster the initiative and intellectual development of the student himself. Individuals receiving aid should be fully conscious of their obligation to return to society the investment which society is making in them.

PRESENT MEANS OF FINANCIAL AID

There are various means through which financial assistance is now given to college students. Among these are opportunities for employ-

ment, loans, grants-in-aid, scholarships, and fellowships. At the graduate level, there may also be part-time teaching and research work. *No program of student aid should diminish the responsibility of individual American families to help their children obtain a college education; neither should it detract from the initiative and resourcefulness of the student who has both the opportunity and ability to carry on a modest amount of part-time employment.* But, as has been shown, many families cannot afford to send their children to college, and the proportion of young people who can secure self-help opportunity decreases as the number of college students in any one institution increases.

Loans to college students constitute a traditional, though unpopular, source of aid. In 1946–47, $23,600,000 was available in loan funds and only $3,700,000 was borrowed. Even though the loan may have a low interest rate or none at all, and even though the institution allows 3 to 5 years after graduation before initial repayment, the student hesitates to assume the financial obligation. He often anticipates that during the period in which the loan must be repaid, he will incur the added responsibilities of marriage and a family. Furthermore, a prior mortgage on his earnings may be a handicap in procuring a further loan to meet postgraduation needs for starting a business or profession. A program of student loans, wisely administered, can be of assistance to students, but this Commission concludes that even a more generous loan program cannot represent an effective measure for equalizing educational opportunity to the extent which the total need makes mandatory.

Colleges and universities in 1940–41 paid approximately $5,000,000 in outright individual grants to students, to assist them in meeting their immediate financial needs. Such assistance has enabled students to remain in college, but the inadequacy of this amount to meet the total need is indicated by the fact that there were only 50,000 recipients and the average grant amounted to about $100. Hundreds of thousands of others might have entered college if funds had been available. It is apparent that the assurance of expanded opportunities for higher education must be sought elsewhere.

The need for a large-scale Federal program of grants-in-aid and fellowships is more apparent when existing resources are examined in the light of the recommendations for an enlarged student enrollment. The inadequacy of present funds for student aid is at once suggested by the U. S. Office of Education report for the academic year 1941. For that typical year, in the 967 colleges and universities which reported, a total of 61,290 students received scholarships with a cash value of $10,210,611; and 11,390 graduate students received fellowships with a value of $4,513,564. Thus, only 5 percent of the enrolled

students received such aid; the average scholarship was $165, the average fellowship was $400.

Data available from the same source for the year 1946–47 combine scholarships and fellowships. Total disbursements for all types of institutions of higher education, including public and private, were $21,229,000; the number of recipients was 113,425, or 5.5 percent of the students enrolled; the average grant was $187.16.

Grants-in-aid, scholarships, and loans provided by institutions have been supplemented by State-administered scholarships provided by direct legislative appropriation. New York State, for example, each year awards a specified number of scholarships to high-school graduates who qualify on the basis of the State-wide Regents examinations. Residence within the State is a prerequisite. The individual is free to select any institution in New York State, and there are no restrictions upon his choice of subject matter. At present, such scholarships are for $350 a year and are granted to 750 students each year for a 4-year period. This is an encouraging extension of a previous State program in New York. There is also a temporary State provision of $350 a year for 4 years, to benefit a total of 12,000 veterans.

Similar programs which would include more and larger scholarships offered by all the States would constitute a step toward equal opportunity. Irrespective of, and in addition to whatever program of grants-in-aid the Federal Government may decide to adopt, this Commission urges generous extension of State scholarship provisions. Nevertheless, it is realistic to concede that in the immediate future many States will not feel that they can afford to embark upon such a program. And this may be especially true if they will decide to embark upon a policy of substantial reduction of tuition and other fees in their publicly controlled institutions. In other words, however intrinsically desirable it is to extend such a program within the States, this Commission believes that such scholarships would not represent a sufficiently comprehensive or adequate attack upon the problem; and especially would this be true in the less prosperous States.

Fellowship awards at the graduate level divide into three main types: cash awards, frequently restricted by specifications regarding fields of study and other limiting factors; teaching fellowships, entailing part-time employment in the institution; and research fellowships, requiring work of a specific nature. Of these three types, the research fellowship is becoming more important because corporations are showing an increasing interest in the development of research ability, especially in natural sciences. The National Research Council in 1946 reported that 302 industrial companies are supporting about 1,800 scholarships and fellowships or grants for research in colleges

and universities. The total of such fellowships, however, remains far short of national needs.

FEDERAL ASSISTANCE TO STUDENTS

Federal aid to students is not an untried expedient. The most comprehensive program prior to the war was the federally supported National Youth Administration, which in 1935 took over a Federal Emergency Relief Administration program. The final report of the NYA shows that approximately 620,000 college students received help through the college work program during the period 1935–43. The average number of undergraduate students employed per month, in the peak year 1936–37, was 133,850. The largest number of graduate students employed per month was 5,760 in 1935–36. Total payment by the Federal Government was approximately $93,860,000, of which $89,000,000 was for the undergraduate program and $4,860,000 for the graduate program.

Assistance was based upon the individual's financial need. The institution selected the students and their work assignments. Compensation varied, but averaged approximately $12 per month at the undergraduate level, and $20 per month for graduate students.

A total of 1,651 institutions of higher education participated in the NYA program during the academic year 1937–38. All nonprofit institutions were eligible upon certification by the principal State education officer. The value of the program to the participants may be inferred not only by the number who were employed in student work but also by their scholastic achievement. During the academic year 1938–39, 83 percent of 696 reporting institutions declared that NYA students as a group made higher grades than the general student body; 15 percent of the institutions reported lower average grades; 2 percent stated there was no significant difference.

There have been other Federal programs of financial aid to college and university students. Through the Reserve Officers Training Corps and the Naval Reserve Officers Training Corps, students have received substantial compensations. Under the provisions of the Holloway Plan, which was authorized by legislation (Public Law 729) enacted in 1946, NROTC students receive tuition, fees, books, uniforms, and retainer pay of $50 per month, in return for which they are obligated to serve a stated period of time in the Navy.

The United States Public Health Service is authorized to make research grants to institutions and to offer fellowships to individuals for work in fields "related to the ailments of man." The usual fellowships range from $1,200 annually for an unmarried candidate for the master's degree, up to $3,600 annually for a married candidate for the

doctorate. These fellowships are renewable and carry a $300 increase during the second year. The Public Health Service is also authorized to set up special fellowships above the $3,600 ceiling for persons of proved ability. In 1946, the passage of the Mental Health Act gave specific authorization for a system of graduate fellowships ranging up to $3,600 per year in value. These grants are available only to students working in the fields of mental health.

The bill to establish a National Science Foundation included provision for Federal scholarships and fellowships in the scientific fields, other than social science.

These programs and proposals indicate that the Federal Government recognizes the desirability of providing financial aid to students because of the public benefits which accrue. This Commission believes, however, that a general program of national grants-in-aid and graduate fellowships, equally available within the limits of the Federal appropriation to all eligible students, will make specialized and piecemeal programs unnecessary and unwise. By having all general grants and fellowship programs administered within a single program, the competition among the various programs can be eliminated. This is imperative to meet total national needs.

The Federal Government provides certain indirect forms of student assistance. The armed forces are authorized to assign a proportion of their personnel to study at civilian educational institutions. The Office of Vocational Rehabilitation provides financial assistance to the States in order that they may aid disabled civilians to undertake training and educational programs. During the fiscal year 1947, a total of 29,817 students were receiving such assistance; of these approximately 22 percent were enrolled in colleges and universities. Special programs at a college level are offered by the Graduate School of the Department of Agriculture and by the Graduate School of the National Bureau of Standards. The Tennessee Valley Authority has a broad program of cooperation with institutions of higher education. More recently, the Atomic Energy Commission has developed similar cooperative relationships. These are only a few of the many Federal agencies which have important joint programs with the colleges and universities.

The most significant Federal program of educational assistance ever provided by any nation is that made available for veterans of World War II through Public Laws 16 and 346, commonly known as the *Rehabilitation Act* and the *GI Bill.* The Veterans Administration reported on June 30, 1947, that 6,597,000 veterans had applied for benefits under these two laws, and that 3,835,000 had already entered upon training and education at one time or another. Up to

June 30, 1947, the total expenditure of the Federal Government for benefits under these two laws was nearly $2.8 billion. During the fiscal year July 1, 1946, to June 30, 1947, 2.3 billion was paid out, of which about 1.2 billion was for subsistence, tuition, and other fees for veterans in college.

The number of veterans in training at any one time reached a peak of 2,675,000 in April 1947. Of these 1,209,000, or 45 percent, were enrolled in educational institutions of higher learning and the remainder were enrolled in other schools or engaged in on-the-job training. By June 30, 1947, the number of veterans in training had dropped to 2,074,000, because of the summer vacation period.

The GI Bill and the Rehabilitation Act make provisions for education and training benefits for a potential group of 16,000,000 World War II veterans. Each grant has a minimum cash value of approximately $1,000 per school year: the veteran with no dependents receives $65 per month for 9 months and the institution receives up to $500 for his tuition and essential supplies. Veterans with one or more dependents receive subsistence of $90 per month. Disabled veterans receive more. The maximum period of benefits under the GI Bill is 48 months, depending on length of active service during World War II. The average entitlement of trainees is about 42 months, 6 months more than the four academic years usually required to complete a college course. Training under the Rehabilitation Act is for a period necessary to rehabilitate the veteran and may continue beyond 4 years, if approved by the Administrator of the Veterans Administration.

Even with these legislative provisions, it must be repeated that the number actually enrolled in colleges is smaller than the accumulative number who would have attended college had there been no interruption as a result of war. In other words, the heavy registration of veterans only partially represents the backlog of college enrollments and does not represent a temporary bulge.

While aid to the veterans has undoubtedly enabled many families to free funds to help pay for the higher education of the veterans' younger brothers and sisters, this is only a temporary situation unless steps are taken to assure for nonveterans the same kind of assistance that is being given to veterans.

SOURCES OF FUNDS

Funds for financial assistance of individual students are available from four major sources: the current resources of the institutions, private gifts, State and municipal appropriations, and Federal appropriations. Financial demands upon the institutions of higher education, however, make it increasingly difficult for them to set aside larger funds for student aid. The increased number of faculty members and

their salaries, the expansion of physical facilities to care for the permanent pressure of rising enrollment, and the higher prices—these are but a few of the factors which make it impossible for institutions to increase or even, in some cases, to maintain the funds available for student aid.

The amount of grants and fellowship funds available through private sources has declined. It will continue to be less, if the income from endowment continues to decrease and the value of the dollar to decline. Research grants for industrial fellowships constitute an exception, but do not affect the over-all situation since they are largely limited to the specific areas of interest to the donor, and tend to be concentrated in a relatively few institutions.

The Commission strongly recommends that all institutions of higher learning seek increased private donations for scholarships and fellowships; that such gifts be free from encumbrances designating specific qualifications as to the recipients, fields of study, and the like; and that donors of large amounts be encouraged to distribute student aid more widely among the colleges and universities.

State appropriations for scholarships and fellowships, if expanded and extended, might provide for a large proportion of needy students. The volume of this Commission's report entitled "Financing Higher Education," demonstrates that such aid will be unequally available among the states and, therefore, cannot be considered a universally effective measure for expanding educational opportunity.

A NATIONAL SCHOLARSHIP PROGRAM

The inadequacy of existing funds for scholarships and fellowships makes a national program imperative if higher education is to fulfill its responsibility to the individual, to the Nation, and to the world. In view of the imperative need for highly trained personnel and in the light of the vast expenditure now being made by the Federal Government for the education and training only of veterans, this is a reasonable proposal. The program for veterans has already justified itself as a splendid contribution to postwar progress for the individual and for society. Surely the continuance and extension of such a program to the youth of the future is equally justified.

Unless present legislation is amended, all veterans discharged prior to July 1, 1947, must have completed their education under the GI bill by July 1, 1956. The diminishing of the number of new veteran enrollees will gradually enable the normal flow of secondary school graduates into college to be resumed at a rate higher than the prewar level. This increased flow of high school graduates will result from many factors, including population increases. It is thus advisable that new provisions to equalize opportunities be initiated in 1948–49.

Confronted by this larger demand and recognizing the economic difficulties which will preclude many qualified students from entering college, this Commission recommends that a national program of Federal scholarships in the form of grants-in-aid be provided for at least 20 percent of all undergraduate, nonveteran students. The Commission is convinced that the basis of individual need coupled with the requisite qualifications of total personal abilities and interests should be the controlling factor in the selection of the recipients of such aid.

In the following elaboration of this recommendation, the Commission emphasizes that it is more concerned with the establishment of a broad approach to method than with rigid insistence on the wisdom of all details, many of which would necessarily evolve at the administrative stage of operation.

In point of timing, this Commission makes its recommendation in two parts—one specifying a progressively increasing 5-year program of Federal appropriations for scholarship grants, and the other suggesting alternative possibilities for the period from 1953 through 1960.

The fiscal recommendations are of this dual character, not because it might not be justifiable to propose a program of Federal appropriations on a scale which would eventually equal the amounts required in the GI Bill. *It seems obvious that, in the national interest, we as a nation can well afford to invest in the education of needy nonveterans amounts approaching those which we are now investing in the education and training of qualified veterans.* But this Commission prefers to take account of a number of qualifying, if incalculable, factors in offering recommendations of total amounts for grants-in-aid for the immediate future. Among these factors are, for example, the possibility of State universities substantially lowering their fees in the near future; the likelihood of the general level of wages and salaries remaining at a level as high as at present; the possibility of an increasing number who may be able to go to community colleges and live at home; the possibility of the States themselves adding or extending programs of substantial State grants-in-aid to many more high school graduates; and finally, the size of the gross national product in the years ahead.

The primary purpose of a Federal scholarship program is to equalize educational opportunity by eliminating, at least in part, the economic factor in determining college attendance. The amount of the scholarship would vary with the financial need of the individual, depending on the actual amount required to make it possible for him to attend and continue in college. The amount of the scholarship might reach a proposed maximum of $800 for an academic year. For

purposes of estimating the first year's cost, an average scholarship of $400 may be assumed. This leads to an initial recommendation for 1948–49 of approximately $120,000,000 for Federal scholarships which would give assistance to some 300,000 students. This is, in the Commission's view, a conservative and wholly defensible recommendation, especially in the light of the extent of economic handicaps set forth earlier in this volume. And it constitutes a beginning which will enable administrative and selective procedures to be set up and be tested prior to the possible expansion of the program.

Since the Commission recommends that scholarships be available to a minimum of 20 percent of all non-veteran students, this program in dollar amounts should be augmented each year, as the GI appropriation needs recede. It is therefore recommended that in each fiscal year after 1948–49 and continuing through 1952–53, an amount be appropriated over and above $120,000,000.

The computation and the total amount suggested here, are not necessarily regarded by this Commission as either ideally desirable or adequate to meet what our analysis reveals to be the known inadequacies. But, at this level of expenditure a start can be made. The continuing needs will demonstrate themselves, and will result in a more informed and adequate authorization of Federal expenditure in the years after 1953.

In these years, several options may be suggested as to the amounts of Federal appropriation to be wisely advocated. At the present time the veterans' tuition and subsistence requirements for post high school education cost over $1,000,000,000 per year of Federal money. There are those who would say that to equal this amount for annual nonveteran grants-in-aid by the year 1960 would not represent an extravagant or unjustifiable outlay for this important educational purpose. If the figure of $1,000,000,000 is taken as the amount to earmark out of Federal funds for this purpose by 1960, it becomes readily possible to construct a program of progressively increasing numbers of grants from 1953 to 1960, which would build up to this figure or to any agreed fractional part of it. Obviously, Federal funds are voted on the basis of public conviction of public need and value. And this Commission is convinced that with a preliminary trial period of a few years, the Congress will appropriate funds on a scale commensurate with what an informed public opinion will by that time come to identify as an urgent national need.

In general terms, the procedure recommended in connection with this grant-in-aid program is as follows:

Each applicant would select the college or university which he or she desired to attend and would assure his or her admission to it in the regular way.

Each State would establish a representative scholarship commission to administer funds granted to it for this purpose by the Federal Government.[1]

In suitable State legislation it should be provided that this scholarship commission would include representatives of public and private secondary schools where appropriate, or public and private colleges and universities where appropriate, of the chief State school officer and of public-spirited citizens at large within each State. This Commission would be charged to act upon requests for individual grants-in-aid made to it by those secondary school students who are residents of the State and who had been accepted for admission by an approved college or university of their own choice in any State. The commission would also be responsible for the annual renewal of such grants on the basis of an established procedure of renewal certificates as issued by the college or university for satisfactory completion of the previous year's work.

A maximum of seven annual grants to one student should be specified. This will permit the use of such grants for graduate or professional study. The maximum amount allowed for any one grant would be $800 per year.

This grant-in-aid provision would be available to students in approved 2-year and 4-year colleges, public and private, and for graduate study including professional schools for a maximum of 3 years. Individual exceptions might be made in professional fields requiring more than 7 years of preparation.

The primary basis for determining the award of the scholarship to an individual student should be his financial need. The award would further depend upon the applicant's ability, character, sense of responsibility, and such other factors as may be adjudged pertinent within the announced purposes of the appropriation.

The broad basis for determining those applicants who would give definite promise of profiting from a college education should be set forth in regulations by the Federal agency responsible for the administration of the total fund, which should be the one primarily concerned with higher education. The conduct of any examinations, interviews and the like would be left to suitable provision to be made by each State's scholarship commission in harmony with the basic Federal regulations.

[1] Statement of dissent:

I dissent from the proposal for State administration of scholarships. Since the purpose of such scholarships is exclusively to enable more students to obtain a higher education, and not to influence the distribution of students as between regions or between private and public institutions, I believe that Federal scholarships should be prorated among colleges and universities and administered by them on the basis of individual student need and ability. Under the National Youth Administration program our colleges and universities proved their capacity to redeem such a responsibility.

MILTON S. EISENHOWER.

The proportion of the total Federal appropriation which would be available annually to each State's scholarship commission should be determined by taking equal account of two factors:

(1) 50 percent of the weight would be given to the number of high-school graduates in each State, each year, in relation to the total number of high-school graduates in the United States; and

(2) 50 percent of the weight would be determined on the proportion of young people in the 18–21 year age group, resident within the State, to the total 18–21 year old youth in the total population.

The following example illustrates the application of the principles. If 5 percent of the high-school graduates of the country are in one State and 3 percent of the 18–21 year old age group in the United States reside in that same State, 4 percent of the total Federal appropriation would be available to assist youth of college age who are residents of that State.

This Commission recognizes the complex problems involved in any national program of grants-in-aid, but believes that the difficulties can be resolved through careful and continuing appraisal of the effectiveness of its operation.

The scholarship commission in each State, acting in close conjunction with the agency in that State responsible for higher education, should be the instrumentality for channeling the funds from the Federal Government to the individual students from each State.

If there should be any unused balance of the total amount allocated to any State, this would revert to the Federal Treasury at the end of each fiscal year.

This Commission recognizes also that at present this proposal would, to some extent, work against those States in which secondary school education is inadequate. But the availability of grants, plus the use of the suggested formula, should provide a stimulus to the improvement of secondary education. In certain States where this improvement is dependent clearly upon access to Federal equalizing funds, consideration might well be given to the establishment of provisions for drawing upon part of these resources for a grant-in-aid program to secondary school students, at least during their last 2 years in high school.

A NATIONAL FELLOWSHIP PLAN

In order to provide appropriate and adequate encouragement of graduate study beyond the baccalaureate degree and to assure the nation of an adequate supply of highly trained personnel, this Commission recommends a program of fellowships for graduate study.

The genuine need for an expanded program of advanced and professional study is emphasized by the fact that in the academic year

1946–47, approximately 40,000 graduate degrees were granted in all the colleges and universities of the country, of which number only 3,787 represented the learned doctoral degrees.

There has been clear and widespread recognition of the importance of such a program in terms of research developments; new contributions to knowledge; and as pointed out in the volume of this Commission's report entitled "Staffing Higher Education," of attracting able young people into study which would eventually qualify them for college teaching and administration.

This Commission, therefore, recommends that Federal funds be appropriated to provide for the establishment of a program of Federal fellowships. The amount of each fellowship should be $1,500 a year and the number of such fellowships be 10,000 in the year 1948–49; 20,000 in 1949–50; and 30,000 in 1950–51 through 1952–53.

Recipients should be selected on the basis of a national competitive examination.

Each fellowship would continue for a maximum of 3 years if the student maintains acceptable academic standards of attainment, with explicit renewal each year to qualifying students.

The holder of each fellowship would be allowed to select his own field of graduate study and to pursue it at an institution of his own choice, if the university selected offers appropriate courses in his chosen field.

The program here recommended would entail a Federal appropriation of $15,000,000 for the academic year 1948–49; $30,000,000 for 1949–50; and $45,000,000 for 1950–51 and for the two succeeding years. This appropriation is in addition to that proposed for the Federal scholarship program and in addition to funds provided for other fellowships already made available in specialized fields.

GENERAL CONSIDERATIONS

The Commission recommends that, to carry out the scholarship and fellowship programs recommended, an appropriate and nationally representative Federal Board for Student Aid be created. This board should be associated closely with the Federal agency primarily responsible for higher education.

This program of Federal grants-in-aid and fellowships is recommended, as already stated, on a highly conservative basis of numbers for a limited period, in order to enable the program to become initiated in an experimental way. But the Commission is confident that this initial program will soon demonstrate both its value and its inadequacy to cope with the needs of the national situation.

The Commission further recommends that before the expiration of the appropriations as above recommended, the Congress, through

its appropriate committees, review the program looking to its extension and considerable enlargement in subsequent years.

Reference has already been made to a variety of existing and proposed Federal provisions for scholarships and fellowships operating under a number of national agencies. Ideally and eventually, it would be desirable that all programs for the allocation of Federal funds for these purposes at the undergraduate and graduate level be administered under one agency. And this goal should be kept clearly in mind by the responsible congressional and administrative authorities as the aims, procedures, and amounts of these allocations become established into a defined pattern.

Whether or not each detail of the procedures here proposed for operating the scholarship and fellowship programs is found to be the most practicable, the basic principles seem to this Commission to supply a helpful initial guide to the drafting of a plan.

Only as the opportunity for higher education is equalized for every potential student who has the interest and the ability to profit from college and university study at both undergraduate and graduate levels, can the ideals of democracy in education be realized. The program of scholarships and fellowships here proposed is not for the welfare of the individual alone, but is vital in the national interest.

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CHAPTER V

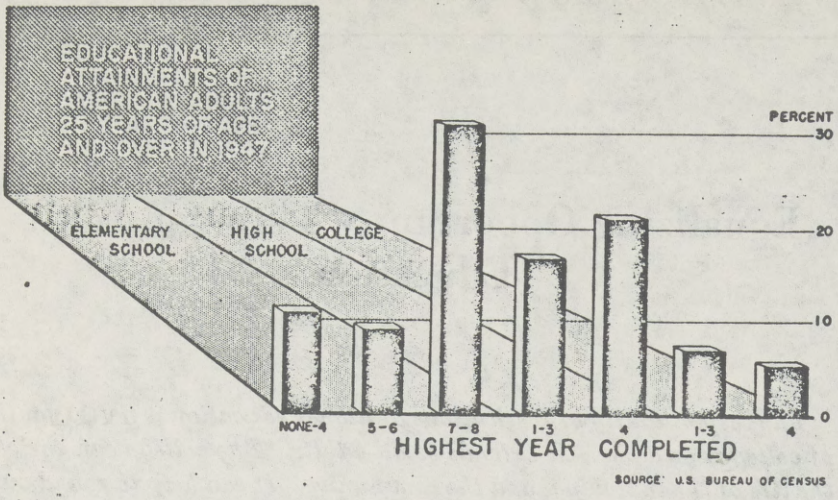
Equalizing Opportunity Through Adult Education

The responsibility of institutions of higher education is not to youth of college age alone. It extends to all adults. The college can enrich the life of the individual and the community. It can help to round out the education provided by elementary and secondary schools and by other types of institutions; advance the individual in essential knowledge and skills; provide facilities for self-expression and appreciation in the arts; disseminate information regarding recent developments in fields such as government, economics, the physical and natural sciences; provide opportunities for discussion, at the adult level, of issues vital to national life and to international relations; and give to both the older and younger generations a more adequate basis for understanding their mutual problems.

It is also now increasingly recognized that many important interests arise only with maturity and that a sense of need for wider educational horizons grows directly out of adult experience. To afford ready opportunity to satisfy the educational needs which adult life brings is essential to the best use of individual talents. Yet adult education is also more than a service to individuals. Rightly conceived and promoted it would help to bring order into the spiritual chaos of today and to create a democracy with enhanced material, moral and intellectual strength.

The 1940 Census provided an eloquent testimonial to the need for adult education. At that time less than 40 percent of the voters—people over 20 years of age—had completed more than an eighth-grade education. By 1947, the percentage had risen to 53. Yet, most of the broadening studies such as civics, economics, sociology, problems of democracy, and international relations usually are taught only above the elementary school. In 1947 there were nearly twice as many *functional illiterates* (fourth grade or less) as there were college graduates. Part 7 shows the level of education attained by American adults of an age at which formal education has usually been completed.

Chart 7



FACTORS INCREASING THE NEED FOR ADULT EDUCATION

Many factors make a broad program of adult education essential for our national well-being. Some of these arise out of a new concept of world community and others out of the problems of the domestic environment. The population of the United States is becoming increasingly an adult one. In 1790 for approximately every 1,000 children under 16 years of age there were 1,042 adults over 16; in 1900 for every 1,000 children under 16 there were 1,748 adults; in 1947 for every 1,000 children there were 2,621 adults. Today through man's conquest of disease, a drop in infant mortality rate, and changes in modes of living, the life expectancy of the individual at his birth has increased from an estimated 35 years in Massachusetts and New Hampshire in 1790 to a national expectancy of about 67 years in 1945.

The increasing tempo of change in our technology is another factor which is increasing the demand for adult education. The human significance of social change is dramatically reflected in shifting occupational patterns. Our economic system has been transformed from one in which the majority of persons were engaged in the conversion of raw materials to useful goods into one in which a constantly growing proportion are engaged in managerial, professional, and service functions.

Increased technical efficiency has also made possible a drastic reduction in hours of work. In 1914 the average workweek in manufacturing was 49.4 hours and by 1947 it had dropped to 40 hours or less. With further decline in the workweek, it will become increasingly important to learn how to make wiser use of leisure time.

The increasingly specialized nature of work has done more than increase the leisure time at the disposal of the worker; it has changed the kinds of activities in which individuals need to engage during their leisure hours. The very nature of the work frequently tends to fractionalize the experience of the worker and to draw on only a part of his personality. Repetitive and simple operations too frequently fail to give any satisfying sense of creativeness. Adult education may assist in offsetting these factors and in giving meaning to work experience as well.

The study of industrial relations has become a vital part of adult education, carried on by extension divisions, special schools, and by trade union and civic groups. The complex interrelationships of labor and management require trained leadership and understanding. Many representatives of labor and management have recognized this need; by September 1947 several universities had introduced intensive adult study of industrial relations in addition to undergraduate courses.

All sections of the trade union movement have united behind a proposal to ask for Federal funds to make available information, education, and research services. Agriculture has received such assistance over many years with beneficial results. The study, through adult education agencies, of industrial relations would help to reduce the ignorance and misunderstanding which are increasingly dangerous in our interdependent life.

A further element in the need for expanding adult education is that adults desire to learn. The Gallup Poll for December 16, 1944, reported that 34 percent of the adults desired to enroll in adult education classes after the war. The greatest interest was shown by the age group from 20 to 29. The percentage of those interested in adult education was even higher when the poll was again reported on July 6, 1947; 41 percent, or more than two of every five adults in the voting population, expressed the desire to engage in some kind of study. The survey revealed: (1) the desire for adult education was greater among women than men; (2) the more education a person has, the more he wants; and (3) the greatest demand for adult schooling was still in the younger age group 21–29 years of age. This poll found the largest percentage wished to study subjects in the social sciences, and the next highest percentage wished to study in professional fields.

PRESENT ADULT EDUCATION PROGRAMS IN INSTITUTIONS OF HIGHER EDUCATION

Although many public and private agencies have some responsibility for adult education, only those aspects which might wisely become the responsibility of higher education are here considered.

In Community Colleges

The community or junior college has found itself admirably adapted to provide adult education. In 1944–45, 65 percent of the total number enrolled in all community colleges were special students who sought instruction in fields commonly recognized as "adult education." During the period 1937–41 there was a general increase in enrollments in community colleges, but the increase of enrollments in adult education programs was disproportionately large. In Connecticut, for example, there was an increase of 125 percent in total enrollment, whereas the adult education enrollment increased 225 percent. California now serves nearly a million adults a year in approximately 120 evening high schools and junior colleges designated entirely for adults.

Through Extension Services

Every State has institutions of higher education which offer formal classroom courses through their extension divisions. Of the courses offered in 1947, 40 percent were of junior college level, 52 percent senior college, 1 percent graduate level, and the remaining 7 percent not of college grade. Some students take extension courses to earn credit toward degrees, but a significant proportion enroll for the satisfaction of gaining additional knowledge and understanding.

In Resident Centers

One of the significant and relatively recent developments in higher education is the establishment of resident extension centers in key locations off the campus where courses may be taken. According to a study made for this Commission by the Association of Land-Grant Colleges and Universities, approximately 115,000 persons were enrolled in 195 resident centers in 1946–47. The increase in these resident centers is shown by the following percentages:

	Increases of fall semester or term 1946–47 over that of 1945–46 (percent)
Number of resident centers in operation	240
Total number of part-time credit students enrolled in all centers	113
Total number noncredit students enrolled in all centers	120

Many of these centers have become an integral part of the system of higher education by making provision for enrollment of full-time-credit students as evidenced by the fact that the increase in full-time students was 600 percent in 1946–47 over 1945–46. The institutions reported that approximately 180 out of the 195 centers in operation during 1946–47 are planned on a permanent basis. The remainder were established primarily to meet the now current needs of veterans.

By Correspondence Courses

In many States one or more institutions of higher education offer a variety of courses by correspondence, including in some cases courses at the secondary level. The enrollment in these correspondence courses has also increased. In 1939–40 the enrollment in college level courses was 78,000; in 1943–44, 92,000. If the increase in enrollments in extension courses be taken as a guide, during 1946–47 the enrollment in correspondence courses can be expected to be more than 100,000.

These numbers, though significant, do not measure the demand as adequately as do the enrollments in commercial correspondence schools. In the middle 1940's approximately 800,000 men and women were taking courses offered by such schools. Of these courses the greatest proportion was vocational. The median age of the student enrolled was approximately 26, and the majority of them lived in communities of less than 100,000 population where there is usually little opportunity for local study.

In Cooperation With the Federal Government

Many agencies in the Federal Government have specific legislative responsibilities for adult education in addition to their in-service training programs.

One of the most important of these adult education programs is the cooperative extension service in agriculture and home economics, supported jointly by the Cooperative Extension Service of the United States Department of Agriculture and the land-grant colleges in the several States and Territories. The Federal Government contributes more than 23 million dollars annually to this program. It has as its foundation the system of agricultural experiment stations and draws upon the personnel of the colleges and universities of which the stations are parts. The program operates mainly through the county agricultural agents and county home demonstration agents. Short courses are arranged on the campuses of cooperating colleges or elsewhere to bring together groups having common problems. It would be difficult to overstate the value which has accrued to American agriculture and farm home life from this program.

The Apprentice Training Service of the United States Department of Labor is another significant adult education activity conducted through a Federal agency and involving the cooperation of schools, colleges, and training establishments. A total of over 162,000 persons were enrolled in apprentice training for about 300 occupations during the fiscal year ending June 30, 1947. Such a program involves a combination of work and study with the related instruction provided by established educational institutions.

By Technical Institutes

There is no single pattern or design for the adult education activities of "technical institutes." They vary from private schools offering training in only one specialized vocational field such as radio repair or commercial art to publicly controlled institutions offering a variety of courses in related fields. The basic differentiating features are their high specialization in preparation for specific vocations with limited inclusion of general education, and their emphasis upon programs of a subprofessional or semiprofessional nature. They frequently are not separate units but are parts of other educational institutions, including secondary schools, community colleges, and extension divisions of universities and colleges. They may also be organized as proprietary schools operating for profit, as independent agencies of Government, or as nonprofit public or private institutions. In some States they must be licensed or chartered; in others, in spite of their educational importance there is no control of these institutions.

The programs of courses vary from those that are intensive for a period of only a few weeks to those that are 1, 2, or 3 years in length. Frequently they are adapted specifically to the needs of a given industry or occupation.

The service of the technical institute is largely directed to those who have recently left high school and hence represent the younger adults. The need for such subprofessional training is attested to by the estimate of the U. S. Office of Education that the national economy can absorb 5.2 persons trained on the technical level in engineering to one on the professional level. Many other areas of employment can utilize an increasing number of technicians in such fields as nursing, laboratory services, and many more.

The present chaotic situation in the field of technical training represents a great waste in adult education. *This Commission recommends that technical institutes be integrated into the total educational system, be more adequately supervised, include more general education in their required courses, and as far as possible, become a part of the community college system.*

EXPANDING ADULT EDUCATION

Current developments in adult education, significant though they are, fail to meet the pressing needs and demands of the adults of the United States. Colleges and universities have done far less than they might. Too often adult education has been a stepchild of higher education. In terms of policy, planning, administration, counseling, provision for decentralization, utilization of newly adapted media of instruction, and training specialists as teachers and discussion

leaders, higher education has been backward in recognizing this added responsibility.

Here and there throughout the country individual experiments, tested projects and novel applications, remind us of the backwardness and tardiness of a national program, and thus suggest what its elements and directions can be.

There is, for example, the whole problem of the use of mass media. These present an almost unlimited opportunity for expansion of educational service at the college level. The radio, notably, is a significant channel for introducing facts, ideas, information—even personalities—into 36 million American homes. Some 60 million persons are estimated to constitute the radio audience. On the average, they are believed by some authorities to listen to their radios about 4 hours a day, divided almost evenly between day and evening hours.

Of the technical developments in radio, the use of FM has the most far-reaching implications for adult education. The Federal Communications Commission has set aside channels for the exclusive use of noncommercial, educational institutions, which would provide spacebands for FM stations all over the country.

The far-ranging development which occurred in the use of visual aids during World War II has again underscored the use of these devices in the educational process. In the first volume of this report, "Establishing the Goals," this Commission recommends the establishment of a permanent national group to do research on and to further expand the use of technical aids to education. The proven effectiveness of the motion picture as an instrument for reaching vast numbers of people offers the resourceful educator a virtually untapped means of expanding the processes for adult education in all fields. A modern, effective program of adult education should lean heavily upon motion pictures, not only for their power to arouse and to sustain interest, but also for their demonstrated achievements in improving and accelerating the learning process.

Equalizing educational opportunity for youth of college age, while it will go far to equip a new generation to cope better with its problems, will not yield its fullest and its rightful fruits, however, if today's adults are educationally slighted.

The very magnitude of the task elevates it to a problem of top priority in national educational policy. It is, of course, a problem that is operationally a local and State one; but the coverage has to be nationwide even while the programs derive from and are adapted to local conditions. There is thus the need that on the level of policy we view the requirements under the guidance and counsel of the U. S. Office of Education. There will thus be focused a picture of present performance, of future needs and of the material ways and means required to meet them.

But at the same time individual institutions can spearhead the local planning and budgeting in relation to need and demand, in order that the progress of adult education may not be thwarted by failures of financial support or of local educational vision.

We need, and need quickly, to have millions of our fellow citizens become literate and competent in matters political, economic, and cultural. Colleges and universities cannot sidestep their share of the responsibility for advancing that literacy and competence. Their further acknowledgment of it, together with the provision of the financial sinews, becomes the capstone of a policy and program to supply a higher education that is no longer dependent on ability to pay but only on ability to profit by learning.

This Commission recommends: the assumption of greater responsibility for adult education by colleges and universities; leadership in developing and utilizing the new techniques and methods which are now available; adequate appropriations by the institution and by State and Federal governments to provide for essential developments in adult education; and systematic preparation of teachers and discussion leaders.

CHAPTER VI

Summary of This Commission's Recommendations

This volume of the Commission's report concludes with a recapitulation of the several recommendations which have been interspersed throughout the previous discussion.

1. The first condition toward equality of opportunity for a college education can only be satisfied when every qualified young person, irrespective of race, creed, color, sex, national origin, or economic status is assured of the opportunity for a good high school education in an accredited institution.

Further to provide for a desirable flexibility on determining fitness for college entrance, there should be a general broadening of college entrance requirements over and beyond the present customary unit course credits in academic subjects, through suitable supplementary tests of intellectual ability.

Also, in order that the high school experience in terms of both educational and employment opportunities may become most effective, there should be available adequate counseling and guidance throughout the high school period. Only in this way will American young people be aided effectively to select further opportunities for an education or for work in line with their individual talents and potentialities.

Because economic inequalities at this level are so acute, some provision, presumably with Federal support, should be considered for grants-in-aid to individual needy students in their last 2 years of high school.

2. Following broadly the precedent set by the GI Bill, we recommend a Federal program of scholarships in the form of grants-in-aid at the undergraduate level based primarily on individual need, available in all types of higher educational institutions. The individual student should have a free choice nationally among approved institutions. The maximum amount of money available per undergraduate student per year should be $800. Methods of allocating

this sum within the several States should be on a basis which takes account of the number of each State's high school graduates and its total college age population.

The Commission recommends that the amount federally appropriated for these grant-in-aid in 1948–49 should be a minimum of $120,000,000; increasing in the following years to provide scholarships for 20 percent of all nonveteran students.

3. A Federally administered plan of fellowships for graduate study is recommended in the amount of $1,500 per student per year, with 10,000 fellowship holders being appointed in 1948–49, 20,000 in 1949–50, and 30,000 in 1950–51 to 1952–53 with a maximum of 4 years to any individual student. The candidates should be selected on the basis of a national competitive examination and the student should be free to make his own choice of the institution he would attend.

4. This Commission recommends the elimination of tuition and other required student fees in all publicly controlled colleges and universities for the thirteenth and fourteenth year; and a reduction beyond the fourteenth year, at least back to the level of 1938–39 tuition and fees, in institutions in which they have been raised.

It voices the hope that other means besides further increases in tuitions can be found to meet the operating expenses of privately controlled colleges.

5. This Commission is opposed to the continuance of college admissions policies which result in discrimination against students on grounds of race, religion, color, sex, or national origin. And we urge an immediate and voluntary abandonment of discriminatory practices.

We recommend further, because of the slowness of voluntary action, that educators support in their respective States the passage of carefully drawn legislation designed to make equally applicable in all institutions of higher learning the removal of arbitrary discriminatory practices in the carrying out of admissions policies.

Curtailment of admission of woman college students, due to inadequacy of facilities and against their entrance on an equal footing into professional schools, must be coped with.

It is further desirable that State universities at the earliest possible moment remove all prohibitions against the acceptance of out-of-State students.

6. Legislation in those States which now require segregation of white and Negro students should be repealed at the earliest practicable moment. And as far as graduate and professional education for the Negro is concerned, provision should be made by the States

which still require segregation to provide truly equal opportunity for qualified Negro students.

7. With respect to any and all provisions which are hereafter made to give effect to the several recommendations for Federal aid in the States, it should be an explicit requirement in the legislation appropriating Federal funds that they only be accorded to those institutions where discriminatory practices do not exist. Further, that, in States where legal segregation still prevails, provisions be made for the use of Federal monies equitably for all eligible individuals regardless of color, and for all institutions whether for Negroes or for whites.

8. It is important that curricular improvements assure that the first 2 college years shall be as stimulating and challenging as possible as one means of cutting down the high degree of student mortality which now prevails.

A further important feature of such a program will be adequate student counseling throughout the college experience on educational, vocational, and personal adjustments.

9. This Commission recommends, as an important element in equalization, the establishment of free, public, community colleges which would offer courses in general education both terminal and having transfer value, vocational courses suitably related to local needs, and adult education programs of varied character.

Such a development of State systems of community colleges will create a need for far more community college teachers, the training of whom will require added and special facilities.

10. The Commission urges that institutions of higher education undertake the development of a more comprehensive program of adult education as one important way of helping to remove present inadequacies in education among adults.

U. S. GOVERNMENT PRINTING OFFICE: 1947

Senator MORSE. We stand in recess until tomorrow morning at 9 o'clock.

(Whereupon, at 12:30 p.m., the subcommittee recessed, to reconvene at 9 a.m., Tuesday, March 26, 1968.)

EDUCATION LEGISLATION, 1968

TUESDAY, MARCH 26, 1968

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

The subcommittee met, pursuant to recess, at 9:05 a.m., in room 4221, New Senate Office Building, Senator Wayne Morse (chairman of the subcommittee) presiding.

Present: Senators Morse and Yarborough.

Committee staff present: John S. Forsythe, general counsel; Charles Lee, professional staff member; Richard D. Smith, associate counsel; and Roy H. Millenson, minority clerk.

Senator MORSE. The hearing will come to order.

I want to express my appreciation to Mr. Howe and his associates for accommodating the subcommittee, helping us to get on with these hearings this morning.

What I propose to do, Mr. Commissioner, is to have you proceed with your statement where you left off yesterday, proceed uninterrupted so that we can get it in the record, and then I will ask any questions I may have at the end.

You may proceed in your own way.

STATEMENT OF HAROLD HOWE II, U.S. COMMISSIONER OF EDUCATION; ACCOMPANIED BY PETER P. MUIRHEAD, ASSOCIATE COMMISSIONER FOR HIGHER EDUCATION; GRANT VENN, ASSOCIATE COMMISSIONER FOR ADULT, VOCATIONAL, AND LIBRARY PROGRAMS; JAMES MOORE, DIRECTOR, DIVISION OF STUDENT FINANCIAL AID, BUREAU OF HIGHER EDUCATION; AND SAMUEL HALPERIN, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION—Resumed

TITLE I OF HIGHER EDUCATION ACT—continued

Mr. HOWE. Thank you, Mr. Chairman. I am continuing my statement.

S. 3098 extends title I for 5 years through fiscal year 1973. The present rate of 75 percent Federal and 25 percent non-Federal shares would be continued through fiscal year 1969.

Retention of such present matching requirements will allow the community service and education program to continue to grow. In addition, up to 10 percent of the sums appropriated would be set aside for the support of experimental or pilot projects.

In the past many proposals have been judged worthy of funding but impossible to justify as part of a State plan since they were regional or national in scope. The set-aside would allow State officials to forward for consideration those proposals which would be of benefit in developing community service, in continuing education programs of value to the entire Nation.

TITLE II OF HIGHER EDUCATION ACT

Title II of the Higher Education Act is designed to strengthen the heart of our Nation's colleges and universities—the library. Part A of title II provided $25 million in fiscal year 1967 to institutions of higher education in every State, for the purchase of books and periodicals, documents, tapes, recordings, audiovisual and other library materials. Three types of grants were made: (1) basic grants not to exceed $5,000, which must be equally matched by recipients; (2) supplemental grants not to exceed $10 per student, with no matching requirements; and (3) special purpose grants, which institutions must match 1 to 3, and which are made up at a demonstration of special need.

Part B of the title supported doctoral and predoctoral fellowships in library and information science, at a cost of $3.75 million in fiscal year 1967. Part C of the title transferred $3 million to the Librarian of Congress for the acquisition of library materials currently published throughout the world which are valuable to scholarship, and for the cataloging of such materials. This provision has brought about major international breakthroughs for research libraries in the United States. Previously, the libraries could not acquire catalog cards for the major portion of the foreign books they purchased. Through title II–C, the Library of Congress has been able to accept the cataloging responsibility on behalf of the research community of the Nation. For fiscal year 1968, a total of $38.25 million was appropriated for activities under the three parts of title II.

The administration-proposed amendments to title II would extend parts A and B for 5 years, through fiscal year 1973; part C would be extended 2 years, through fiscal year 1970. Part A, library resources, would be amended to liberalize the maintenance of effort provisions for special purpose grants. Planning and development grants to encourage the opening of new library and information science schools would be authorized under part B.

Senator MORSE. I have one question, Commissioner.

You state that parts A and B of title II would be extended for 5 years. Part C which provides transfer of funds for the Library of Congress would be extended for only 2 years. I would like to have you tell us why that difference in part C will not be needed after 1970.

Mr. HOWE. I think this was arranged in this fashion, Mr. Chairman, because of the fact that the presidentially appointed Library Commission is looking at the whole Federal role in support of libraries. That report is still in the process of being written. We would like to maintain flexibility to respond to it. The report is being addressed to the whole area of support of libraries by the entire Government, and it seemed to us that there might well be the possibility of changes in these relationships as a result of that report.

We would have no objection to continuing the legislation for 5 years. This isn't a major issue in any way.

Senator MORSE. I think you make a good point when you say that the study would be obtained within 2 years, but will the cataloging needs, however, be met by 1970?

Mr. HOWE. I think the cataloging job is going to continue and probably going to increase, if we are realistic about it, and that some provision has to be made for it. I think the report may recommend alternative arrangements.

Senator MORSE. I wanted to make this record for legislative history, and I think that on the basis of this explanation of the Commissioner, a good case could probably exist for extending it only for the 2 years. Then we will look at it again at the end of that time. But it ought to remain clear that any report that we write out of this committee does not imply that we think the program should come to an end at the end of 2 years, but that it should be reviewed and reenacted on the basis of whatever the committee believes ought to be the reenactment, related to the report the Commissioner has referred to, and the recommendations that are to be contained therein.

Counsel thinks we ought to stop momentarily for me to put a series of questions in regard to this matter of libraries at this time.

Mr. Venn may wish to answer or you or anyone else.

First, as the program is presently being administered, can branches of main institutions receive basic supplemental and special purpose grants?

Mr. HOWE. The branches receive the basic grants. Let me get Mr. Venn to comment on the relationship of branches to the grants beyond the basic grants, because there is a special interpretation involved here. Would you address yourself to that, Mr. Venn?

Senator MORSE. I will get you a copy of the questions. I think we can go through them much quicker.

Mr. VENN. The branches may receive basic grants through application through the parent institution. They may receive funds under supplemental and special grants if the parent institution makes an application, and it involves in that application the counting of students in the branches of the institution. So a branch may get a supplemental and a special purpose grant as part of the parent institutional grant. Branches do get individual basic grants through the parent application.

Senator MORSE. The next question, Mr. Venn, could branches receive supplemental and special purpose grants through the parent institution?

Mr. VENN. Yes. Our guidelines in the application form do ask for account of the students in the branches of all the parent institutions when they submit an application.

Senator MORSE. The next question. Have the guidelines and application blanks for the 1968 program been mailed? When were they mailed if they have been?

Mr. VENN. They were mailed this last week. I think nearly all of them are in the mail at the present time except for a few cases of where there is a question of institutional eligibility. The deadline for those applications to be returned, Mr. Chairman, is the 26th of April.

Senator MORSE. When is the deadline for applications to be returned is the next question. You say April 26.

Mr. VENN. April 26; yes, sir.

Senator MORSE. The last question. Could anything be done to enable the approximately 50 new colleges being established each year to share in title II programs? They have especially great needs in getting established. These new colleges need funds for building basic collection prior to the opening and for the first of the years. Is there anything that can be done about that?

Mr. VENN. This is very definitely a problem. We have had legal interpretation of what was an "institution of higher education," in the law it was defined as an operating institution which had students enrolled. So we have been administering the program accordingly.

The year the institution has students enrolled, it may apply for a grant. However, there is the fact that some institutions may be starting a year or two before the students are actually enrolled, and they need a library to open the institution. However, the present act, as we interpret it, does not allow that institution to receive a title II grant. It might be chartered 3 years before it enrolls any students, but would not be eligible for each of those 3 years. In administering the title we have allowed applications the first year the institution had students. That is the way we have interpreted it.

Senator MORSE. I want counsel to work on it but I want your help, too. I wish you people down in the Department would make recommendations for suggested language to add to title II–A so that we can include in the bill some additional language, to make it possible for you to help these institutions before they open.

Mr. VENN. Yes.

Senator MORSE. As you pointed out, they have got to have a library before they open.

Mr. VENN. Yes.

Senator MORSE. If you will help us, I would appreciate it.

Mr. VENN. I certainly will.

Senator MORSE. Thank you very much, Mr. Venn.

You may proceed now.

Mr. HOWE. Mr. Chairman, just one comment on the point you and Mr. Venn were discussing. We are doing everything we can to try to make new institutions find a more convenient route to all Federal programs, and we are establishing in the Office of Education a new consulting group on eligibility of institutions for Federal programs.

We would emphasize the word "eligibility" as opposed to accreditation. We would like to support the private accreditation associations that exist in the United States for purposes of accreditation, but we believe that by having a special effort for eligibility purposes, and working through those private associations, we can do a better job of bringing this growing number of institutions, many of them community colleges, into early eligibility. We have set up organizational arrangements for that purpose.

Senator MORSE. I think that is so important. I am glad to hear that. I commend you for it. Even in the matter of getting a school accredited, to take what Mr. Venn and I were talking about, my understanding is unless they have a library they have little chance of getting accredited. These things are so interrelated that I think you have got to get some new language in the bill at this point.

Mr. VENN. The whole accreditation problem is a serious one, too, in terms of the starting institutions.

Senator MORSE. That is right.

Mr. HOWE. We would be happy to work with you on this.

TITLE III OF HIGHER EDUCATION ACT

Title III of the Higher Education Act is directed toward strengthening developing higher educational institutions. This program assists in raising the academic quality of colleges which have the desire and potential to make a substantial contribution to the higher education resources of our Nation but which, for financial and other reasons, are unable to participate fully in the higher education community. In fiscal year 1967, $30 million was appropriated for title III programs, and applications were received for more than 500 colleges in 47 States, the District of Columbia, Guam, and Puerto Rico. The program awards are supporting a wide variety of projects aiding more than 450 developing institutions, through nearly 500 cooperative arrangements between strong and weaker colleges and more than 1,500 national teaching fellowships. Included in the cooperative arrangements were student and faculty exchanges, faculty improvement programs releasing members for further higher education, curriculum improvement programs, and visiting scholar programs. More than 150 colleges received grants to aid them in planning such arrangements. For fiscal year 1968, $30 million was appropriated for title III program.

S. 3098 proposes the extension of title III for 5 years, through fiscal year 1973. A new part B—improvement of graduate programs—would be added, effective in fiscal year 1969. I will discuss this proposed new program later in my testimony.

Senator MORSE. Let me interrupt once again, Mr. Commissioner. Yesterday I gave you a question that Senator Murphy asked, and I think that this is the place for the answer. Section 305, title III provides for national teaching fellowships "to encourage individuals to teach at the developing institutions." What is the average length of stay for the fellowship recipient?

Mr. HOWE. I have here, Mr. Chairman, a rather comprehensive answer to that question which I would like to enter in the record if I may.

At this time it would seem preferable to avoid establishing a fixed period for a teaching assignment at a developing institution since in most cases the fellowships require only a 1-year tenure on the college faculty, the fellowship stipend is often lower than salaries of the regular faculty, and the teaching assignment is frequently in an isolated area.

But if we may enter this.

Senator MORSE. You may insert it in the record at this point.

(The document referred to follows:)

MEMORANDUM TO PETER P. MUIRHEAD, ASSOCIATE COMMISSIONER FOR HIGHER EDUCATION, FROM WILLA B. PLAYER, DIRECTOR, DIVISION OF COLLEGE SUPPORT, BUREAU OF HIGHER EDUCATION, RE SECTION 305 OF THE HIGHER EDUCATION ACT OF 1965, DATED MARCH 25, 1968

Under Section 305(a), Title III of the Higher Education Act of 1965 (Strengthening Developing Institutions), "the Commissioner is authorized to award fellowships . . . to highly qualified graduate students and junior members of

the faculty of colleges and universities, to encourage such individuals to teach at developing institutions." In each instance, nominations for National Teaching Fellowships are initiated by developing institutions which have been awarded a specific number of fellowship positions. Upon approval of nominations by the U.S. Office of Education, the hiring, developing institution enters into a one year contract with the fellow, which is similar to those used for regular faculty, and he is usually paid on a monthly basis. Thus, the fellow is paid for the time that he has served.

The Act stipulates that fellows may serve for a maximum of two years. In the past appropriations for this program have been on a year-to-year basis and for this reason, appointments have been for one year only with the possibility of renewal for a second year. The academic year 1967–68 marks the second year of this program. Therefore, many of the present Teaching Fellows have served one full academic year or its equivalent and are now in their second year.

The purpose of the National Teaching Fellowships program has been to assist in improving the academic quality of developing institutions through the infusion of young, enthusiastic teachers who have had recent contact with the innovations in particular disciplines and in teaching approaches. Frequently, a teaching fellow may replace a regular faculty member who has been granted a leave to pursue an advanced degree. In other cases, he will provide released time to allow regular faculty members to assist in improving overall academic strength, e.g., an institutional self-study or an intensive curriculum revision.

At this time it would seem preferable to avoid establishing a fixed period for a teaching assignment at a developing institution since in most cases the fellowships require only a one-year tenure on the college faculty, the fellowship stipend is often lower than salaries of the regular faculty, and the teaching assignment is frequently in an isolated area.

Senator MORSE. May I say to counsel for Senator Murphy that if further questions grow out of this matter that he should submit them to the Commissioner for supplement.

STUDENT ASSISTANCE

Mr. HOWE. The costs of attending college have risen drastically in the past decade. Tuition and fees alone rose 30 percent at public institutions during this period and 73 percent at private ones. Title IV of the Higher Education Act offers the growing number of college-bound students in need of financial aid three ways to help meet this need—grants, insured loans, and opportunities for work. Educational opportunity grants assist students in greatest financial need—some 222,000 of them—to attend more than 1,600 institutions of higher education across the country. The complementary program authorized by title IV—college work-study and guaranteed loans—may be used to round out the support needed by a low-income student or to supplement the often burdensome financing of a student from a middle-income family. Earlier hearings conducted by this subcommittee have already analyzed the guaranteed loan program in depth, so I will not discuss its progress at this time.

Under the college work-study program, approximately 1,800 institutions received funds to provide work opportunities for their students during calendar year 1967. An estimated 300,000 students received earnings from part-time employment to meet their college expenses, some of them participating in the program during more than one semester.

The educational talent search program, also authorized by title IV, is designed to promote equal educational opportunities for all at the secondary school level by giving them equal access to higher education. This program has a dual role: to identify qualified youths of exceptional financial need in secondary school and to encourage them to enter post-secondary educational training; and to encourage second-

ary school or college dropouts of demonstrated aptitude to reenter educational programs, including postsecondary school programs. During fiscal year 1968, 58 educational talent search contracts were made with public and nonprofit agencies.

For fiscal year 1968, a total of $277.6 million was appropriated for these student assistance programs.

S. 3098 provides that the educational opportunity grant and work-study programs authorized by title IV would be extended for 1 year, through fiscal year 1969. Effective in fiscal year 1970, these two programs would be combined with the NDEA student loan program and the insured loan program into the Educational Opportunity Act of 1968, with a 5-year authorization. The proposed amendments also make numerous changes in the guaranteed loan program and the national vocational student loan insurance program. Since these have been discussed at earlier hearings, I will not go into them at this point.

Title V of the Higher Education Act, as enacted, provided for a variety of teacher training and preparation programs, including the Teacher Corps, fellowships for experienced and prospective teachers, and institutional assistance grants. This title was extended and expanded by the passage of the Education Professions Development Act of 1967, Public Law 90–35, which includes new authority for the training of both professional and subprofessional educational personnel. The new authority becomes effective in fiscal year 1969; a new Bureau of Educational Personnel Development has been established within the Office of Education to administer most of the programs authorized by the act and a new Associate Commissioner of Education to take charge of that Bureau has been appointed.

Senator MORSE. Mr. Commissioner, Senator Javits asked me to ask you the following question at this point: Why do you eliminate the additional $200 education opportunity grants available for top students?

Mr. HOWE. Let me ask Mr. Muirhead to comment on that.

Mr. MUIRHEAD. We have found, Mr. Chairman, that this provision—which makes an extra $200 available to the student who completed his previous year in the upper half of his class—has not attracted additional needy students to obtain a higher education. We have concluded that the amount of money now used for this purpose might be better used to provide more initial year awards for entering freshmen. The amount of money that was used to provide an extra $200 to the more academically able was of course resulting in fewer entering freshmen. So our suggestion before you is to use that amount of money to increase the number of entering freshmen that can be supported at a given appropriation level.

Senator MORSE. Thank you.

Mr. HOWE. Continuing, Mr. Chairman, only technical amendments to the Education Professions Development Act are being proposed in the legislation before this subcommittee.

TITLE VI OF HIGHER EDUCATION ACT

Title VI is designed to improve the quality of undergraduate classroom instruction through grants to colleges and universities for: (a) the acquisition of laboratory and other special equipment, including audiovisual equipment and materials as well as printed materials and some minor remodeling; and (b) the acquisition of

closed-circuit television equipment to be used in direct classroom instruction with the aid of other related materials. In addition, the title supports, through a program and contracts, workshops and institutes for training those persons engaged in the use of educational media equipment or preparing to be educational media specialists or librarians.

Of the $17 million appropriated for fiscal year 1967, $14.5 million was available for laboratory and special equipment as well as for closed-circuit television facilities. A total of 855 institutions were aided under this program during fiscal year 1967; $13 million supported 732 grants for laboratory and other equipment, and $1.5 million supported 144 grants for closed-circuit television. During the same fiscal year, $2.5 million was appropriated and awarded to 51 institutions to conduct institutes and workshops for the training of approximately 2,000 faculty members in the use of educational media equipment. Appropriations for fiscal year 1968 for both parts of this title are the same as those in fiscal year 1967.

The proposed Higher Education Amendments of 1968 would extend title VI for 5 years through fiscal year 1973. Subject matter limitations would be eliminated, adding to the scope of the title's coverage. In addition, the program would be extended to graduate education.

Senator MORSE. Mr. Commissioner, I want to go back for a moment. Am I correct in assuming that you propose to do away with the State allocation factors and formulas for the work-study program and title II NDEA loans in favor of an institutional approach? What changes State by State would follow in funds available to the institutions of those States?

Mr. MUIRHEAD. Mr. Chairman, we do have a table that would show the amount that may be available to institutions under the State allotment formula, and—on the basis of our experience in reviewing applications from institutions—the amount that might be available to the States.

Our rationale for suggesting this procedure to you is that we now have had considerable experience with the student loan program, the college work-study program, and the opportunity grant program. It is becoming increasingly evident that the institutions themselves are the best judges of their needs for support in student aid.

Under the State allotment formula we have found a very wide disparity of support for institutions.

For example, in States such as North Dakota, the amount of support may be as low as 55 percent of the stated needs of the institutions; in other States—and there were about 16 of these in the student loan program last year—the total support for institutions may be 100 percent of the stated needs.

Consequently, it seemed to us that now that the institutions have developed competence in determining their own needs, there should be an opportunity for each institution in the Nation to share equally in the student loan funds, the work-study funds, and the opportunity grant funds.

If perchance—and this has happened and probably will continue to happen—the total of institutional requests is in excess of the amount of money available, then each institution in the country would receive the same percentage of its needs. Presently, the situation is markedly different State by State.

Senator MORSE. Thank you very much.

You may proceed.

Mr. HOWE. Extension of the Higher Education Facilities Act of 1963.

Senator MORSE. Mr. Commissioner, I have had another question handed me from Senator Murphy. You may want to explore this and answer it in a memorandum.

COMPARISON OF TALENT SEARCH WITH UPWARD BOUND

Compare the Office of Education Talent Research with the Office of Economic Opportunities Upward Bound as to cost, number of enrollees, graduates, and so forth. I will file it with you and you can prepare a memorandum for him.

He says:

I understand the Office of Education recently conducted a study which in effect said the Upward Bound program has fallen far short of expectation. Should these programs be merged in the Office of Education?

I think it can probably be handled with a memorandum.

Mr. HOWE. We will happily submit a memorandum on this. We gave extensive testimony on this in the House. I would just observe now, Mr. Chairman, that I think some misunderstanding exists about these two programs, in the sense that some people who aren't intimately acquainted with them assume that they are similar in nature. Actually they are quite different. The Talent Search program is a program to locate talented youngsters and to give them access to opportunity.

The Upward Bound program actually operates a service in colleges and universities to offer a program of training and instruction, so that the costs per student you would expect to be very different, as indeed they are. But we will give you detailed information on this in a memorandum.

(The following material was subsequently received for the hearing record:)

MEMORANDUM FROM OFFICE OF EDUCATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE RE COMPARISON OF TALENT SEARCH AND UPWARD BOUND PROGRAMS

Both in design and operation, the Upward Bound and Talent Research Programs differ. Upward Bound is an intensive residential program of remedial and tutorial instruction in order that disadvantaged boys and girls may be brought academically to a point where admission to college becomes a reality. It requires a resident faculty, a specialized curriculum, innovative teaching techniques, and new approaches to the problems of youngsters who have been submerged by poverty.

The Talent Search idea is aimed at identifying and assisting students with some potential who are already in part motivated toward academic careers but lack primarily the financial resources to meet the costs of higher education. As part of the informational program, there is some guidance and counseling concerning postsecondary educational opportunities, assistance with admissions procedures, applications for financial aid and related activities. There are many more students involved in the Talent Research Program than in Upward Bound because the emphasis and approach of the two programs is different. Furthermore, as the Upward Bound Program is much more expensive because of the intense effort required for each child enrolled in it. Talent Search through a variety of media as well as actual counselor student contacts can reach a much larger number in a given year.

The question of merging these programs should actually be looked at in the much larger context of coalescing or re-aligning a wide variety of educational program carried on by agencies outside the Office of Education.

Senator YARBOROUGH. Mr. Chairman, I have a couple of questions here. It may not be the best place in the statement to ask them.

Senator MORSE. Go right ahead.

Senator YARBOROUGH. I have to leave at 20 of 10 for a function over at the Supreme Court. As soon as that is over, I will come back here. I think this is the appropriate place for one of them, at least.

Commissioner Howe, earlier this year I introduced as an amendment to the Higher Education Act on February 7, 1968 my amendment called the Professors Emeritus Amendment. This would authorize you to make awards, to award grants to professors retired from service in colleges and universities, to supplement what they might earn at developing institutions. We are advised that some of the leading universities in the country mandatorily retire professors at 65, some even at 62 years of age. They have many productive years of teaching left, and when I introduced this amendment, I have had letters from professors, I mean from presidents of developing colleges in my own State saying "We hope we can get some distinguished professors under that." I have had a letter from a dean of an engineering school in the State of Massachusetts, a large university there, saying in 1969 or 1970 he was being mandatorily retired because of age. He felt that he had years of service left.

Due to status and all, somebody said, "Why don't they go employ themselves?" Well, these retired deans and distinguished professors can't go around begging junior colleges and weak, developing colleges for a job. What they need is some agency through which this talent could be funneled. Many junior colleges are short of teachers, are going to be shorter; many of the developing colleges, senior colleges, in my State have written and expressed an interest, particularly old colleges founded nearly a century ago, largely by charitable organizations in the North, have struggled along for nearly a hundred years and they see a chance to get some distinguished professor to come to be a part of the faculty.

PROFESSOR EMERITUS AMENDMENT

What will the attitude of the Office be on this amendment, Professor Emeritus?

Mr. HOWE. Senator Yarborough, I think it is an excellent idea. I think it would make good use of people who may be restricted by the current legislation to some extent. We are all living longer, and your proposal would give us a chance to do something with the useful time of some very useful people. I think that we ought to go ahead with it.

Senator YARBOROUGH. The best professors, teachers I ever had when I was growing up were in this age category.

Mr. HOWE. I haven't had a chance to examine the detailed language, but it sounds like an excellent idea and I hope we can implement it.

Senator YARBOROUGH. I hope you will and I hope we can add it as an amendment since it deals with developing higher education institutions in title III of this bill.

Senator MORSE. May I interrupt to tell the Senator from Texas I enthusiastically support his amendment? I think probably the most dramatic example in American higher education of the contribution that professors emeritus contribute to further education is the Hastings Law School in San Francisco. I guess it has become accredited now. For many years it wasn't accredited. Almost all of its faculty happened to be retired law professors. They have there one of the best collections of the top authorities in law.

I want to say that as an old law school dean, I wouldn't hesitate at all to tell college graduates trying to figure out where he should go to law school, if I can't sell him on going to the University of Oregon Law School, I would say, "Go to Hastings." He can get better training at Hastings than at Harvard, Columbia, Michigan, Chicago or any of the other so-called top LL.B. schools. Great schools they are, great graduate schools, but they are undergraduate schools as far as comparison with Hastings is concerned.

Here you have recently retired and over the age of 85, the father of Congressman Fraser, who was my dean at the University of Minnesota Law School and the top man in the law of property in this country. He was retired mandatorily at the University of Minnesota many years ago, and taught at Hastings up until last year when at the age of 85 he decided he had had enough. Here you had Morgan on evidence; you had Harno, before he died, on criminal law and constitutional law; McClintock on equity. You go on down the list, this was the blue ribbon law professor faculty of the country. You will find them, as the Senator from Texas has pointed out, available all over this country.

In my profession, they are best qualified to teach after they are 65. May I say most respectfully to the administration they are best qualified to serve on the bench after they are 65, too, instead of having a lot of them on the bench when they are not legally dry behind the ears. I am a great fellow for youth, to fill the jobs that youth are qualified to fill, but that does not happen to be the case with the courts, as a general rule. There are some exceptions, not very many, though. We have got to face up to the fact that we had better stop wasting the greatest reservoir of brainpower we have in the country, which happens to be these men who have devoted themselves to a profession and have become the leaders in the profession. I am not for retirement when people are healthy. I am for their continuing to make a contribution, and certainly that is true in the teaching profession. So I want the Senator from Texas to know he has got another vote.

Senator YARBOROUGH. Thank you, Mr. Chairman.

I would like to have 1 minute about that Hastings Law School. A young law professor of mine when I was in law school, the most brilliant one I think I ever had classes under, was Leon Green from the University of Texas, one of the great torts authorities in the country, author of case books, Texas books. He left Texas, went to Northwestern, was dean, served as acting dean at Yale awhile and then they got him back as he got older and quit being dean. He got up to be 70 at the University of Texas Law School and they retired him. He went to Hastings. After 5 years Texas saw what they were missing and reclaimed him and he has been teaching there for 10 years in Texas, at the University of Texas. They were fighting for him. It was considered one of the top law schools of the country and they kept him there. They retire people with such capabilities even now.

Senator MORSE. May I say good naturedly I hope that the Senator from Texas finally grasped Green's theory of proximate cause. It took me several years to do it. Of course, the Supreme Court finally grasped it.

Senator YARBOROUGH. The Supreme Court did.

Senator MORSE. And don't forget that he made his greatest contributions to the law of proximate cause after he had reached retirement age.

Senator YARBOROUGH. I want to say to the dean, I call him dean now; he taught future interests in law school. I think that was the toughest thing I ever tackled in law. Green is a great teacher.

Mr. Chairman, in line with what the chairman has said about Federal judges, I have had many lawyers say to me, "Ralph, if you recommend somebody to the President, please don't pick them too young. They get so arbitrary when they are old. Pick them when they haven't had time to get autocratic."

Senator MORSE. Arbitrariness is always a substitute for knowledge.

Senator YARBOROUGH. I have just one more question.

Since you are going into another section, "Extension of Higher Education Facilities Act."

CONSOLIDATION OF STUDENT ASSISTANCE PROGRAMS

Back there, Mr. Commissioner, where you say regarding the college work-study program, that you want a merger of authorizations of the student loan program and college work-study program. Is it contemplated that if the student gets a loan he will have to go under the work-study program?

Mr. HOWE. No. This is really a matter for the individual higher education institution. Some higher education institutions do administer their programs in that fashion.

Senator YARBOROUGH. I think it is a mistake to hand out a package and say to a student, "Now, if you borrow here you have got to get some guarantee loan money and you have got to do work-study."

I think that is a rigidity we shouldn't have, and it is a little suspect to me when you merge the two.

Mr. HOWE. There would be no requirement at all from our point in that regard. We would leave institutions free to determine what their policies were in regard to asking students to get their support from a combinationof grants, loans, work-study, or personal resources.

I think you will find a great diversity of institutional practice here.

Senator YARBOROUGH. Thank you.

Mr. HOWE. Let me say, Senator Yarborough, that the reason I wanted to examine the language for this professor emeritus was to see whether aging Commissioners of Education could by any chance get a job under this arrangement. But I see they have to be professor.

Senator YARBOROUGH. There was one distinguished educator testifying before our committee on the guaranteed loans asking about this. He said, "Well, your professors emeritae amendment." We discussed when we offered the amendment whether we should use emeritus or emeritae and we decided in the interests of understanding we would call it emeritus. I suppose if they called on you at present you wouldn't be allowed to teach, Mr. Commissioner. You would have to be the president of the institution.

Mr. HOWE. That is a difficult sentence.

Senator MORSE. On the Higher Educational Facilities Act, I want this request in the record. As you are aware, the subcommittee has an interest in the new bureaus forming in the Department of the Office of Education, such as the Bureau of the Handicapped and now the education profession development area. Could you see to it that the subcommittee receives copies of memorandums, guidelines, and regulations promulgated or proposed concerning this new bureau? These are vital if we are to exercise our oversight functions as we have been requested to do by the majority leader, and I would like to just leave this request in the record and have one of your staff members see to it that Mr. Forsythe of our committee receives copies of it at all times.

(The following material was subsequently supplied for the hearing record:)

TITLE 45--PUBLIC WELFARE

CHAPTER I--OFFICE OF EDUCATION
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

PART _____ GRANTS TO STATES FOR ATTRACTING AND QUALIFYING TEACHERS TO MEET CRITICAL TEACHER SHORTAGES

The parenthetical references in the text of the regulations below are the citations to statutory law or other legal authority that are required by section 2 of H.R. 7819. The citations are to sections of the Higher Education Act of 1965 unless otherwise indicated.

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SUBPART A - DEFINITIONS

§ ____. 1. Definitions.

As used in this part--

(a) "Act" means the Education Professions Development Act, being Title V of the Higher Education Act of 1965 (Public Law 89-329). (Sec. 509)

(b) "Commissioner" means the U.S. Commissioner of Education. (Sec. 801(f))

(c) "State" means, in addition to one of the several States of the Union, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, the Canal Zone, or the Trust

Territory of the Pacific Islands. (Secs. 801(b) and 519(a))

(d) "Teacher" means a person who is qualified to give elementary or secondary school instruction and is employed to give such instruction to students on a full- or part-time basis. (Sec. 520(a))

(e) "Teacher aide" means a person who assists a teacher in the performance of his professional teaching or administrative duties. (Sec. 520 (a))

(f) "Elementary school" means a school which provides elementary education including education below grade 1, as determined under State law. (Sec. 801(i))

(g) "Secondary school" means a school which provides secondary education as determined under State law except that it does not include any education beyond grade 12. (Sec. 801(d))

(h) "State educational agency" means the State board of education or other agency or officer primarily responsible for the State supervision of public elementary and secondary schools, or, if there is no such officer or agency, an officer or agency designated by the Governor or by State law. (Sec. 801(h))

(i) "Local Educational agency" means a public board of education or other public authority legally constituted within a State for either administrative control or direction of, or to perform a service function for, public elementary or secondary schools in a city, county, township, school district, or other political subdivision of a State, or such

combination of school districts or counties as are recognized in a State as an administrative agency for its public elementary or secondary schools. Such term also includes any other public institution or agency having administrative control and direction of a public elementary or secondary school. The term also includes any State educational agency or other public or private nonprofit agency which provides a program or project designed to meet the special educational needs of migratory children of migratory agricultural workers, and teaching in the schools of a local educational agency includes teaching in any such program or project. (Secs. 801(g) and 517A)

(j) "Private school" is a school which is primarily supported by other than public funds and is operated under the supervision and direction of other than public officials.

(k) "Fiscal year" means a period beginning on July 1 and ending on the following June 30. (A fiscal year is designated in accordance with the calendar year in which the ending date of the fiscal year occurs.) (Sec. 518(b))

(l) "Short-term intensive training" means formal, full-time instruction prior to educational employment, and not to exceed three months duration, aimed at providing a person with the qualifications for teaching. (Sec. 520(a))

(m) "In-service training" means instruction that follows short-term intensive training and is related to it, and which may take place

either on a part-time basis while a teacher is in the classroom during the school year or on a full-time basis during periods when school is not in session. (Sec. 520(a))

SUBPART B - STATE PLAN

§ ____. 2. State Plan

(a) Purpose and Content. A basic condition for the grant of Federal funds to a State under Part B, subpart 2, of the Act is (1) a State plan which meets the statutory requirements in providing a program under which funds so granted will be expended solely for (a) programs of local educational agencies to attract to teaching, persons in the community who have been otherwise engaged and to provide short-term intensive training and subsequent in-service training to qualify such persons for a successful career in teaching, (b) programs of such agencies to obtain the services of teacher aides and to provide them with the pre-service and in-service training they need to perform the duties of teacher aides, and (c) administration of the State plan, and (2) an annual description of the projected program activities to be carried out under the plan during the forthcoming fiscal year.

None of the foregoing shall prevent such programs from being carried out through a State educational agency responsible for administering programs of that nature for local educational agencies or designated by such local educational agencies as the administering agent.

(b) Effects of a State plan. The State plan, when approved by the Commissioner, shall constitute the basis on which Federal grants are made, and the basis for determining the propriety of the expenditures of those funds. (Secs. 518(a), 520(a), and 520A)

§ _____. 3. State Agency for Administration

(a) Designation. The State plan shall give the official name of the State educational agency which will be the sole agency for administering the plan.

(b) Authority and Organization. The State plan shall set forth the authority of the State educational agency under State law to submit the plan and to administer and supervise the programs set forth therein, including a description of both the legal and functional relationships between the State agency and other State and local public agencies for the purpose of carrying out the State plan. Citations to, or copies of, all directly pertinent statutes and interpretations of law made by appropriate State officials, whether done by regulations, policy statement, opinion of an authorized State legal officer, or a court decision, shall be furnished as part of the plan or in an appendix. All copies must be certified as correct by an appropriate official.

(c) Staff for Administration. The State plan shall describe, by chart or otherwise, the organization of the State educational agency staff for administration of the State plan. The lines of authority within the administrative unit or units responsible for the programs under the plan shall be shown, together with pertinent administrative arrangements or relationships of such unit or units to the rest of the State educational agency. The State plan shall set forth the qualifications of all professional administrative and supervisory positions under the State plan. If State statutes or regulations establish such positions

and give such information, the plan shall so state.

(d) Advisory Committees. If State advisory committees are used with respect to one or more aspects of the State plan, the plan shall describe the membership, membership, method of establishment, and duties, including the procedures for the payment of the committees' expenses, if any. (Sec. 520(a))

§ ____. 4. Continuing Review of State Administration by the Commissioner

In order to assist the State educational agency in adhering to statutory requirements and to the provisions of its approved State plan, the Commissioner will conduct periodic review of the administration of programs under this part. (Sec. 520B)

§ ____. 5. Administration and Evaluation

Provision shall be made in the State plan for both administrative review and evaluation by the State educational agency of the program and operations under the plan at least annually for the purpose of appraising their scope, status, and administration. The State educational agency shall include a report of such administrative review and evaluation in the annual report of the State educational agency to the Commissioner. (Sec. 520(a))

§ ____. 6. Reports and Records

The State educational agency will participate in such periodic consultations and will make such reports to the Commissioner at such time, in such form, and containing such information, as the Commissioner

may consider necessary to enable him to perform his duties under Part B, subpart 2, of the Act and will keep such records and afford such access thereto, and will comply with such other requirements, as the Commissioner may find necessary to assure the correctness and verification of such reports. (Sec. 520(a))

§ _____. 7. Approval by the Commissioner

The Commissioner will approve each plan, or modifications thereof, and the annual description of projected program activities which he determines meet the applicable requirements of Section 520 of the Act and regulations in this part, and will notify the educational agency of the granting, conditioning, or withholding of approval in each such case. However, no final action with respect thereto, other than one of approval, will be taken by the Commissioner unless he first notifies the State educational agency of his proposed action and in connection therewith affords the State educational agency a reasonable opportunity for a hearing on whether the affected plan or modification meets such requirements. (Secs. 520(a) and 520B)

§ _____. 8. Withholding

Whenever the Commissioner, after affording the State educational agency reasonable notice and opportunity for a hearing, finds: (1) that the plan fails to comply with the requirements of Section 520(a) of the Act and the regulations in this part; or (2) that, in the administration of the plan, there is a failure to comple substantially with any of such

provisions, the Commissioner will notify the State educational agency that the State will not be regarded as eligible to participate in the program under this part until he is satisfied that there is no longer any such failure to comply.

§ _____. 9. Effective Date of the Plan

The earliest date on which an expenditure made under a State plan for which the State is eligible for Federal financial participation is the date on which the State plan was received by the Commissioner in substantially approvable form. (40C.G.615)

SUBPART C - AVAILABILITY OF GRANT FUNDS

§ _____. 20. Allocation to Local Educational Agencies

(a) General. The State plan shall set forth the policies and procedures to be followed in allocating Federal funds to support programs of those local educational agencies in the State having the most urgent need for teachers or teacher aides which the programs under this part can help to meet. Such policies shall include the criteria to be used in determining, at least annually, those local communities with the most critical teacher needs and the criteria by which the qualify and relevance of the proposed programs shall be judged. Within the criteria established by the State educational agency, local educational agencies shall demonstrate critical teaching needs in terms of shortages of numbers and kinds of teachers that might be alleviated by programs envisioned by this part. Federal funds will be allocated by State

educational agencies to the local educational agencies solely on the basis of relative need for teachers and teacher aides and on the quality and relevance of the proposed programs, and not on a per capita or other artificial basis unrelated to the need and quality of the proposed programs.

(b) Equitable Participation. The criteria established under a State plan shall be applied in such a manner as to assure that no person will be denied admission to training programs carried on under this part because he is preparing to teach or serve as a teacher aide in a private school.

(c) Fair Hearing. The policies and procedures set forth in the State plan shall assure that every local educational agency whose application for funds under the plan is denied will be given an opportunity for a fair hearing before the State educational agency.

(d) Coordination of Programs. The policies and procedures set forth in the State plan shall contain an assurance that, in order to secure the effective and efficient use of Federal funds, and to avoid duplication of effort, there has been and will be appropriate coordination at both State and local levels between the program carried out under this part and other appropriate Federal, State, and local programs.

(Sec. 520(a) and 20U.S.C.883(c))

§ ____. 21. Programs to Attract and to Qualify Persons for Teaching

(a) Eligibility. The State plan shall set forth the specific educational and other criteria to be used in determining the minimum qualifications to participate in programs under this part of individuals in a community who (1) are not currently teaching and (2) whose backgrounds are such that with necessary and appropriate training they would become qualified or again be qualified to teach in elementary or secondary schools.

(b) Recruitment. The State plan shall set forth policies and procedures for the guidance of local educational agencies in identifying and encouraging to seek employment as teachers eligible persons who are otherwise engaged.

(c) Standards. The State plan shall set forth quantitative and qualitative standards for short-term intensive training programs designed to enable eligible persons, upon completion of such training, to meet the minimum qualifications for teaching and for subsequent in-service training programs to provide such persons with the additional qualifications necessary for a successful career in teaching. Such standards should include provisions governing the qualifications of persons selected to conduct training programs. (Sec. 518(a))

§ ____, 22. Programs to Obtain and to Train Teacher Aides

(a) Expenditures. The State plan shall provide assurance that not more than one-third of the sums expended under this part will be used to

support programs for obtaining the services of and training teacher aides.

(b) Eligibility. The State plan shall set forth the specific educational and other criteria to be used in assuring that training will be provided only to persons who show promise of being able with appropriate training to serve competently as teacher aides.

(c) Recruitment. The State plan shall set forth policies and procedures to guide local educational agencies in designing programs for obtaining the services of eligible persons as teacher aides on the basis of full-or part-tome employment or on a voluntary basis.

(d) Standards. The State plan shall set forth quantitative and qualitative standards for programs of pre-service and in-service training to enable recipients of such training to perform the duties of teacher aides. Such standards should prescribe the nature and scope of duties which may be assigned to such persons as delineated by the State educational agency.

(e) Effectiveness. The State plan shall set forth policies and procedures to assure that pre-service and in-service programs provide teacher aides with the necessary training to perform duties that will increase the effectiveness of the classroom teachers. Such policies and procedures shall also be designed to provide guidance to local educational agencies in training classroom teachers to work effectively with teacher aides. (Sec. 520(a))

SUBPART D - ADMINISTRATION OF THE STATE PLANS

§ _____. 23. Maintenance of Level of Support

The State plan shall set forth policies and procedures designed to assure that funds made available under this part for any fiscal year will be so used as to supplement and, to the extent practical, increase the level of funds available from State and local sources that would in the absence of such funds be made available for programs of local educational agencies to recruit and train prospective teachers and teacher aides, and in no case supplant such State and local funds. Such policies and procedures shall take into consideration the total amount of State and local funds budgeted for expenditure in the preceding year for programs of local educational agencies to recruit and train prospective teachers and teacher aides. (Sec. 520(a))

§ _____. 29. Functions of State Educational Agencies

Funds allotted to States under this part are available, up to the limits specified in § _____. 29, for administration of the State plan. The administration of the State plan involves functions such as:

(1) The development of short- and long-term policies and procedures for programs of local educational agencies to be funded under § _____. 21 and § _____. 22.

(2) The development, revision, dissemination, and evaluation of standards relating to training programs for prospective teachers and teacher aides.

(3) State supervisory services, evaluation, coordination, and dissemination of programs for the training of prospective teachers and teacher aides.

(4) Maintaining of requisite records and rendering of such reports as the Commissioner may require. (Sec. 520(a))

§_____. 30. Federal Financial Participation

(a) Funds used for administration of the State plan for any fiscal year shall not exceed 3 percent of the total amount paid to the State under this part for that year both for projects approved by the State educational agency and for administration of the State plan.

(b) Funds used for administration may be used only for those additional expenses incurred as a direct result of administration and operation of the State plan and include such categories as:

(1) Salaries, wages, and other personal service costs of permanent and temporary staff;

(2) Communications;

(3) Utilities;

(4) Consumable office supplies, including stationery;

(5) Printing and the acquisition of printed and published materials for use of administrative and supervisory staff;

(6) Travel and transportation expenses;

(7) Acquisition (including rental), maintenance, or repair of office equipment, or that equipment needed for supervisory and demonstration functions, for use of the administrative and supervisory staff;

(8) Minor alterations in previously completed building space used or to be used for administration of the program under this part which would be needed to make effective use of equipment acquired for administration. Excluded are building construction, structural alterations to buildings, building maintenance, repair, or renovation.

(9) Fair rental of office space in privately or publicly owned buildings, subject to the following provisions:

(i) The expenditures for the space are necessary and properly related to the efficient administration of the program;

(ii) The State will receive the benefits of the expenditures during the period of occupancy commensurate with such expenditures;

(iii) The amounts paid are not in excess of comparable rental in the particular locality;

(iv) Expenditures represent a current cost;

(v) In the case of a publicly owned building, like charges are made to other State agencies occupying similar space for similar purposes. (Sec. 520(a))

SUBPART E - FISCAL PROCEDURES

§ _____. 36. Federal Payments to a State.

(a) The Commissioner will determine the amount of each State's allotment in accordance with the provisions of Section 519 of the Act. Payments will be made only after approval of the State plan meeting the requirements of Section 520(a). From the amounts allotted to each State under Section 519 the Commissioner shall pay to that State an amount equal to the amount expended by the State in carrying out its State p plan. Scuh payments may be made in installments, and in advance or by way of reimbursement, with necessary adjustments on account of overpayments or underpayments.

(b) Federal funds will be paid to states in accordance with DHEW-OE Letter-of-Credit procedures. Neither the approval of the State plan, the issuance of a Letter-of-Creidt, the approval of withdrawals thereunder, nor the making of any direct payments to the State shall be deemed to waive the right or duty of the Commissioner to withhold funds by reason of the failure of the State toobserve any Federal requirements set out in the act or regulations related thereto or any other relevent Federal Act or Order, either before or after such administrative action respecting payment.

§ _____. 37. Allotment Availability

Federal allotments to a State under the Act are available with respect to eligible expenditures during the Federal fiscal year for which funds are allotted and as provided for in accordance with Section 40(d) of these regulations.

§____. 38. Reallotments

(a) General. The amount of any State allotment under this part for any fiscal year which the Commissioner determines will not be required for such fiscal year shall be available for reallotment, from time to time, or such dates during such year as the Commissioner may fix, to other States in proportion to the original allotments to such States under this part for that year but with such proportionate amount for any of such other States being reduced to the extent it exceeds the sum the Commissioner estimates such State needs and will be able to use for such years and the total of such reductions shall be similarly reallotted among the States whose proportionate amounts were not so reduced.

(b) Statements of Anticipated Need. In order to provide a basis for reallotment by the Commissioner under this part, each State agency administering a program under this part shall, if requested, submit to the Commissioner by such date or dates as he may specify, a statement or statements showing the anticipated need during the current fiscal year for the amount previously alloted, or any amount needed to be added thereto. Such further information as the Commissioner may request for the purpose of making reallotments shall be reflected in such statement. (Sec. 519(b))

§____. 39. Custody and Expenditure of Funds.

Each State plan shall designate the officer or officers who will receive and have custody of funds granted to the State under this part, who will pay to State and local educational agencies the amounts distributed to them, and who will pay the amounts expended by the

State educational agency for the performance of its duties (Sec. 520(a)).

§ ____. 40. Use of Federal Funds and Liquidations of Obligations by State or Local Education Agencies

(a) Federal funds made available under this part to State educational agencies for administration of the State plan will remain available for such use until the close of the current fiscal year.

(b) For the purpose of this part a use of funds by a State or local educational agency will be determined on the basis of documentary evidence of binding commitments fo the acquisition of goods or property, or for the performance of work. However, the use of funds for personal services, for services performed by public utilities, for travel, and for the rental of equipment and facilities shall be determined respectively on the basis of the time such services were rendered, such travel was performed, and such rented equipment and facilities were used.

(c) Federal funds under this part shall not be available for use with respect to binding commitments prior to the effective date of the State plan.

(d) Federal funds granted to a State under this part shall remain available until August 31 following the fiscal year in which such amounts were allotted to the State, for programs and projects approved by the State during that fiscal year. Local projects must be approved at the State level prior to July 1st. The August 31st date for terminating local expenditures is to facilitate the completion of summer projects. Funds obligated prior to August 31 also may be spent after that date; however, the State must show cause if such obligations are not carried out. If for example, funds had been obligated for the purchase of equipment and the order was cancelled, the funds so obligated would revert to the U.S.O.E.

(e) States may utilize Federal funds from appropriations for two fiscal years to support a single project if discrete portions of the project are earmarked to be funded from allotments (resources) for specific years. However, the intention to use funds in this manner must be set out in advance. All personal services must end on August 31.

(f) Obligations entered into by State and local educational agencies and payable out of funds under this part of the Act shall be liquidated no later than the end of the fiscal year following the fiscal year in which such funds are made available for use by such agencies unless prior to the end of that following fiscal year the State educational agency reports to the Commissioner the reasons why such obligations cannot be timely liquidated and, on the basis thereof, the Commissioner extends the time for so liquidating obligations. (20U.S.C.200)

§____. '41. Proration of Costs

Funds made available under this part shall be used only with respect to that portion of any expenditure which is attributable to an activity under the State plan. The State plan shall specify the basis for identifying and the method to be used in prorating total expenditures to determine those attributable solely to State plan activities. The State agency shall include in the description of its projected program submitted to the Commissioner for each fiscal year its proprated expenditures for salaries attributable to State plan activities. The State agency must also maintain records (documented on an after-the-fact basis)

to substantiate the proration of expenditures with respect to applicable items such as salaries, travel, rent, and equipment.

§ ____. 42. Retention of Records

(a) General Rule. Each State and local educational agency receiving funds under this part shall provide for keeping accessible and intact all records supporting claims for Federal funds under this part or relating to accountability for the expenditure of such funds:

(1) for five years after the close of the fiscal year in which the expenditure was made or;

(2) until the State educational agency is notified that such records are not needed for administrative review; whichever is later.

(b) Questioned Expenditures. The records involved in any claim or expenditure which has been questioned at the time of audit shall be maintained until necessary adjustments have been made and such adjustments have been reviewed and approved by the Department of Health, Education, and Welfare.

(c) Inventories of Equipment. Each State and local educational agency shall maintain inventories of all equipment acquired by it with funds under this part and costing $100 or more per unit for the expected useful life of the equipment or until it is disposed of. The State agency is responsible for having available in the State agency's office information sufficient for a determination of whether such equipment continues to be used for a purpose provided forunder the Act.

(d) All proceeds from the sale of property being inventoried pursuant to the provisions of this section, and the net proceeds from the rental of such property, shall be credited tothe Federal Government. (Sec. 520(a))

§____. 43. Adjustments

The State agency in its maintenance of program expenditures, accounts, records, and reports shall make promptly any necessary adjustments in its records to reflect refunds, credits, underpayments, or overpayments, as well as any adjustments resulting from Federal or State administrative reviews and audits. Such adjustments shall be set forth in the State agency's financial reports filed with the Commissioner.

§____. 44. Interest on Federal Funds

In the event that any interest is earned on Federal funds, such interest earnings shall be refunded to the U.S. Office of Education. The State agency shall submit as a part of each annual financial report a statement showing the amount of interest earned on Federal funds by the State and participating agencies during that fiscal year.

§§____. 45. Financial Reports

Each State agency shall submit, in accordance with procedures established by the Commissioner:

(a) Following the end of the fiscal year, a report of the total expenditures made under the plan during the fiscal year; and

(b) Such other reports as are periodically needed to account properly for funds. (Sec,520(a))

§____. 46. State Fiscal Control and Audit

(a) Each State plan shall provide that the State educational agency will, for that agency and local educational agencies, provide for such fiscal control and fund accounting procedures as may be necessary for the proper disbursement of funds paid to the State, and by the State to local educational agencies, under this part.

(b) Audit agencies representing the Department will audit the program records available at the State agency to determine whether the Federal program funds have been properly accounted for and administered. Audit reports of the participating agencies and State review and other control procedures will be evaluated to determine the adequacy of information upon which to base the audit findings. Only where the available information is deemed to be inadequate will the auditor arrange, through the State agency, to audit the records of the participating agencies.

(c) All expenditures by local educational agencies of Federal funds granted under this part shall be audited either by State auditors or by other licensed or C.P.A auditors. The State educational agency shall, with due regard for Federal auditing requirements, provide for appropriate audit standards for that purpose. The results of such audits shall be used to substantiate State agency records and shall be made available to Federal auditors. Federal auditors shall be given access to such records or other documents as may be necessary to substantiate the results of such audits. (Sec. 520(a))

§____. 47. Copyrights and Patents

(a) Any material of a copyrightable nature produced through a project with financial assistance under this part shall be subject to such copyright policy of the U.S. Office of Education as is in effect at the time.

(b) Any material of a patentable nature produced through financial assistance under this part shall be subject to the provisions of 45 CFR Parts 6 and 8. (BoB letter dated December 3, 1964 to Register of Copyrights and 28 F.R. 10943, October 12, 1963)

DRAFT 1/30/68

GUIDE FOR PREPARING AN INSTITUTIONAL APPLICATION FOR GRADUATE FELLOWSHIPS AND ADVANCED INSTITUTES FOR THE TRAINING OF COLLEGE AND UNIVERSITY TEACHERS AND OTHER HIGHER EDUCATION PERSONNEL, AS AUTHORIZED BY:

(1) Title IV of the National Defense Education Act of 1958 (P.L. 85-864), as amended by Title IV, Part E of the Proposed Higher Education amendments of 1967 (H.R. 6232)

(2) Title V of the Higher Education Act of 1965 (P.L. 89-329), as amended by Part E of the Education Professions Development Act (P.L. 90-35)

DISCRIMINATION PROHIBITED -- Title VI of the Civil Rights Act of 1964 states: "No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity receiving Federal financial assistance." Therefore, the National Defense Graduate Fellowship Program and the Education Professions Development Act, like every program or activity receiving financial assistance from the Department of Health, Education, and Welfare, must be operated in compliance with this law, and with the rules, regulations and orders thereunder issued by the Secretary and signed by the President published at 45 CFR Part 80 to implement it.

U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education
Bureau of Higher Education
Washington, D.C. 20202

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Introduction. Graduate Fellowship and Institute Programs for the Training of Higher Education Personnel

Accredited institutions of higher education are invited to submit to the Bureau of Higher Education appropriate proposals for the training of faculty, staff, or administrative personnel who are committed to careers in higher education.

The Bureau of Higher Education administers three programs for the training of higher education personnel:

(1) The NDEA Title IV Graduate Fellowship Program, which provides three years of support for the doctoral-level training of experienced and prospective college and university teachers;

(2) The EPDA Part E Graduate Fellowship Program, which provides two years of support for the training in advanced degree programs of experienced and prospective faculty, educational specialists, and administrators for colleges and universities; and

(3) The EPDA Part E Institutes Program for the training in summer and academic year programs (not exceeding one year in duration) of experienced and prospective higher education faculty, staff, and administrators.

In the fiscal year ending June 30, 1968, the Congress appropriated $86,600,000 for the support, in the academic year 1968-69, of 15,328 National Defense Education Act Graduate Fellowships for the doctoral level training of the future college and university teachers so desperately needed by America's rapidly expanding system of higher education. Originally authorized by the National Defense Education Act of 1958, the Title IV Graduate Fellowship

Program now has the active participation of 2,990 doctoral training programs in 199 leading universities of the United States, and is the only national fellowship program to provide support for the Ph.D.-level training of college and university teachers in all major fields of learning.

Part E of the Education Professions Development Act of June 29, 1967, authorizes a much-needed companion measure to the program of National Defense Fellowships for the training of college and university teachers. It authorizes the Commissioner of Education to make grants to institutions of higher learning for the training of persons who are serving or preparing to serve as teachers, administrators, or educational specialists in colleges or universities - except that funds may not be used for fellowships which are eligible for support under Title IV of the National Defense Education Act of 1958. Part E of EPDA authorizes the sum of $21,500,000 for the fiscal year ending June 30, 1969, and the sum of $36,000,000 for the fiscal year ending June 30, 1970, to provide for the training of college teachers in non-Ph.D. programs, the training of the college administrators and educational specialists, and the support of short-term institutes and other preservice and inservice training programs.

The rapidly expanding network of institutions of higher education in the U.S. - community and junior colleges, four year colleges, and universities - are presented with a great range of possibilities in the support of training programs for faculty members, administrators, and educational specialists. The Commissioner of Education has charged the Bureau of Higher Education with

responsibility for developing and administering, in cooperation with other Federal agencies, a coordinated plan for NDEA Title IV graduate fellowships and EPDA Part E graduate fellowships and advanced institutes calculated best to serve the needs both of the graduate training institutions and of the community colleges and other higher education institutions.

(1) Title IV National Defense Education Act Graduate Fellowships for the Training of College and University Teachers

The well-established program of college and university teacher training authorized under Title IV of the National Defense Education Act of 1958, as amended, is envisaged by the Commissioner of Education as an integral part of the higher educational personnel training program of the Office of Education, as administered in the Bureau of Higher Education. The extension beyond 1968 of the National Defense Education Act Title IV Graduate Fellowship program is included in H.R. 6232 "Higher Education Amendments of 1967" now being considered by the Congress. In the present 1967-68 academic year the NDEA Title IV Graduate Fellowship Program for doctoral level training of prospective college and university teachers is supporting 14,800 graduate students with three-year fellowships at 193 leading graduate institutions: 6,000 in their first year of tenure; 6,000 in their second year; and 2,800 in their third year. An appropriation of $86,600,000 has been made for the support of 15,328 graduate fellows in the 1968-69 academic year: 3,328 in their first year of tenure, 6,000 in their second year; and 6,000 in their third year. A FY 1969 appropriation request for $86,600,000 would support 15,328 graduate fellows in the 1969-70 academic year: 6,000 in their first year of tenure;

3,328 in their second year; and 6,000 in their third year. Each first year fellow in 1969-70 would receive a 12-month stipend of $2,400 and an allowance of $600 for each dependent. Each second year fellow would receive a 12-month stipend of $2,600 plus allowances; each third year fellow would receive a 12-month stipend of $2,800 plus allowances. An annual allowance of $2,500 would be paid to the training institution to cover tuition, instructional fees, and other costs of education. Fellowship tenure would begin in September, 1969.

Graduate fellowships would be limited to full-time students in good standing working toward the Ph.D. or equivalent doctorate in programs approved by the Office of Education under Title IV of the National Defense Education Act.

The purposes of the National Defense Graduate Fellowship Program are

> To increase the number of well-qualified college and university teachers by assisting doctoral students preparing for an academic career.
>
> To encourage the development and full utilization of the capacity of graduate programs leading to the doctorate.
>
> To promote a wider geographical distribution of such programs and to expand the opportunities for doctoral study.

In award of National Defense Graduate Fellowship support to proposals for the doctoral-level training of college and university teachers, there has been special attention in review panels and in the National Advisory Committee to carefully documented evidence of:

(1) high quality doctoral-level training capacity in fields in which fellowship support is sought;

(2) a carefully supervised teacher training experience for each fellow as an integral part of his three-year fellowship; and

(3) solid evidence of effective use of previously awarded NDEA Graduate Fellowships in achieving the purposes of the program: the quality doctoral-level training of fellows who do in fact enter a career of college or university teaching.

(2) Part E Education Professions Development Act
Graduate Fellowships for the Training of Higher Education Personnel

Part E of the Education Professions Development Act of June 29, 1967, authorizes the Commissioner of Education to make grants to institutions of higher learning for the training of persons who are serving or preparing to serve as teachers, administrators, or educational specialists in colleges or universities - except that funds may not be used for fellowships which are eligible for support under Title IV of the National Defense Education Act of 1958, as amended. Part E of EPDA authorizes the sum of $21,500,000 for the fiscal year ending June 30, 1969, to provide for the training not only of college teachers in non-Ph.D. programs but also for the training of the college administrators and educational specialists for which there is so great a need.

A FY 1969 appropriation request for $15,000,000 would, if approved by the Congress, make possible the support of the first year in 1969-70 of two year fellowships for 1,365 graduate degree candidates in approved training programs for prospective junior college and college teachers, higher education specialists, and college and university administrators. (This number of EPDA Part E Graduate Fellowships would be made possible by a budget of $7,500,000 - assuming equal demand and quality in program proposals for graduate fellowships and institutes for the training of higher education personnel).

Each first-year fellow in 1969-70 would receive a 12-month stipend of $2,400 and an allowance of $600 for each dependent. Each second-year fellow would receive a 12-month stipend of $2,600 plus allowances. An annual allowance of $2,500 would be paid to the training institution to cover tuition, instructional fees, and other training costs. Fellowship tenure for first-year fellows would begin in September, 1969.

In the grant of EPDA Part E Graduate Fellowships to training institutions and to higher education personnel training programs, advisory panels, which will be broadly representative of the academic community, will give special consideration to the faculty and administrative personnel needs of community colleges and other developing institutions.

EPDA Part E Graduate Fellowships will be limited to full-time students in good standing who are working for advanced degrees in programs of higher education personnel training approved by the Office of Education.

(3) Part E Education Professions Development Act Institutes for the Training of Higher Education Personnel

An integral feature of Part E of EPDA is the authorization for short-term, graduate-level training programs for faculty, specialist, administrative, and other higher education personnel. These institutes and other preservice and inservice training programs may range from one week to twelve months in duration, and may (at institutional discretion) include participants who are not working for advanced degrees, provided their participation is consistent with the graduate or professional quality of the total program. Institutes with funding in the fiscal year 1969 will conform to the calendar of the

institution offering the training program, but will not normally begin earlier than January 1, 1969.

Institute participants would normally receive stipends of $75 per week plus $15 per dependent per week plus remission of all tuition and instructional fees. Training institutions which offer institutes for the training of higher education personnel would be granted, on a basis agreed to in advance negotiations, direct salary costs for the institute director, staff, instructors, plus student stipends and dependency payments, plus indirect costs up to 8 percent of total costs.

Institutes may be offered in the summer or during the academic year. They may occupy a continuous block of the participants' time, or they may be offered one day or several days a week. They may last for one week only, or they may continue over a period as long as a year. They may be located at the sponsoring institution, or they may be located at some other approved site. They may bring together individual participants, or they may deliberately bring together teams of departmental or institutional colleagues. They may serve one-time specialized purposes, or they may represent a continuing training resource. They may have the continuing sponsorship of a single training institution, or they may have the rotating sponsorships of cooperating training institutions. They may represent the initiative of the sponsoring institution only, or they may represent the cooperative initiative of the sponsoring institution serving in concert with other organizations or institutions. They may emphasize training for graduate degree candidates, or they may emphasize training for established faculty members or administrative personnel who are not interested in academic credit. They may emphasize pre-service training, or they may emphasize inservice training. They may center

upon substantive knowledge of a scientific or scholarly nature, or they may emphasize curricular problems or new instructional methods. They may be oriented toward the college teacher or they may serve primarily department chairmen or college administrators. Institutes for the training of higher education personnel represent, in short, a vital new resource for our colleges and universities.

(4) Development of an Institutional Plan for the Training of Faculty and other Higher Education Personnel

The three programs to be administered by the Bureau of Higher Education for the training of higher education personnel will be closely articulated with one another and with the other higher education personnel training activities both within and outside of the Office of Education. The National Advisory Council on Education Professions Development, which was appointed by President Johnson on September 22, 1967, will review the operations of all Federal programs "for the training and development of educational personnel in evaluating their effectiveness in meeting the need for additional educational personnel and in achieving improved quality training programs." In addition, the Council will advise the Secretary of the Department of Health, Education, and Welfare and the U.S. Commissioner of Education in all matters relating to this area.

As they may consider their own resources and mission in relation to the training of faculty, specialist, and administrative personnel for higher education, the training institutions of the nation are invited to develop institutional plans in which the training programs of the Federal Government may play a constructive role.

(5) The Evaluation of Higher Education Personnel Training Proposals and the Selection of Programs for Support

In the award of training grants and graduate fellowships to institutions and programs for training higher education personnel, the Bureau of Higher Education will continue to rely upon the evaluations of representatives of the total spectrum of higher education. Special consideration will be given to programs of high quality with a record of successful performance in the training of effective faculty, specialists, and administrators in higher education.

The Preparation of an Institutional Application for Support of Higher Education Personnel Training Programs

Accredited institutions of higher education are invited to submit to the Bureau of Higher Education appropriate proposals for the training of faculty, staff, or administrative personnel who are committed to careers in higher education.

Institutions wishing to submit program proposals under any one, two, or three of the previously outlined Office of Education Programs should plan to use the following guidelines in the preparation and submission to the Bureau of Higher Education of a single institutional application which incorporates the following five parts:

I. Form for the sponsoring institution's transmittal of its application for support of higher education personnel training programs;

II. Institution's summary of its resources, past performance, and plans for the training of higher education personnel;

III. Program applications for support of Ph.D.-level training of prospective and experienced college and university teachers through NDEA Title IV Graduate Fellowships;

IV. Program applications for support of higher education personnel training through EPDA Part E Graduate Fellowships;

V. Program applications for support of higher education personnel training through EPDA Part E Institutes.

The institution's application for support of one or more program proposals for the training of higher education personnel to be funded in the fiscal year 1969 should be submitted not later than July 1, 1968. Announcements of programs to be supported will be made on or about November 15, 1968.

Graduate fellowship tenure under both NDEA Title IV and EPDA Part E will begin in September, 1969. Institutes with funding in fiscal year 1969 will conform to the calendar of the institution offering the training program, but will not normally begin earlier than January 1, 1969.

GENERAL INSTRUCTIONS: Submit five copies each of PART I, PART II, and each program application submitted under PART III, IV, or V. Narrative statements should be attached to pertinent printed form. Do not bind the multiple copies into a single volume as they must be disassembled for review. A copy of the most recent graduate school and relevant college and professional school bulletins should accompany the application. Mail to:

Higher Education Personnel Training Programs
Bureau of Higher Education
U. S. Office of Education
Washington, D.C., 20202

For further particulars concerning the NDEA Title IV and the EPDA Part E Graduate Fellowship Programs please consult: Graduate Academic Programs Branch, Division of Graduate Programs, Bureau of Higher Education, U. S. Office of Education, Washington, D.C., 20202.

For further particulars concerning the EPDA Part E Institutes Program please consult: Faculty Development Branch, Division of College Support, Bureau of Higher Education, U. S. Office of Education, Washington, D.C., 20202.

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U. S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education
Bureau of Higher Education
Washington, D.C. 20202

INSTITUTIONAL APPLICATION FOR SUPPORT OF HIGHER EDUCATION PERSONNEL TRAINING PROGRAMS - 1969-70

PART I. FORM FOR TRANSMITTAL OF INSTITUTIONAL APPLICATION - 1969-70

A. Name of Institution:

B. Address of Institution (Street, City, State, and Zip Code):

C. Telephone (Area Code, Number):

D. Names of Departments or Other Comparable Administrative Units Which Are Applying for NDEA Title IV Graduate Fellowship Support of Ph.D. Level Training of College and University Teachers:

Name of Department or Comparable Administrative Unit	Number of Fellowships

PART I. FORM FOR TRANSMITTAL OF INSTITUTIONAL APPLICATION - 1969-70 (continued)

E. Names of Departments or Other Comparable Administrative Units Which Are Applying for EPDA Part E Graduate Fellowship Support for the Advanced Degree Level Training of Higher Education Personnel:

Name of Department of Comparable Administrative Unit	Number of Fellowships

PART I. FORM FOR TRANSMITTAL OF INSTITUTIONAL APPLICATION - 1969-70 (continued)

F. Names of Departments or Other Comparable Administrative Units Which Are Applying for EPDA Part E Support for Institutes for the Training or Higher Education Personnel:

Name of Department or Comparable Administrative Unit	Institute Duration	Number of Participants

G. Name and Title of Institutional Fiscal Officer:

H. Name and Title of Institutional Officer Designated as Coordinator for:

1. NDEA Title IV Graduate Fellowship Program:

2. EPDA Part E Graduate Fellowship Program:

3. EPDA Part E Institute Program:

AGREEMENT CERTIFICATE: The attachments hereto are parts of this submission. It is understood and agreed that (1) The programs listed are being carried out in accordance with the attached reports or will be carried out in accordance with the attached applications, except as changes may be approved by the Commissioner of Education; (2) The reporting of applicant institution will comply with the regulations, policies, and procedures formulated by the Commissioner of Education under Title IV of the National Defense Education Act of 1958 as amended and under Part E of the Education Professions Development Act of 1967; (3) Support is contingent upon the institution's compliance with regulations issued under Title VI of the Civil Rights Act of 1964; and (4) All statements made in this report or application are accurate and complete to the best knowledge and belief of the undersigned officer.

OFFICIAL AUTHORIZATION FOR INSTITUTION

Officer responsible for institutional educational policy

Signature	Typed name and Title	Date

U. S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education
Bureau of Higher Education
Washington, D.C. 20202

INSTITUTIONAL APPLICATION FOR SUPPORT OF HIGHER EDUCATION PERSONNEL TRAINING PROGRAMS - 1969-70

PART II. TRAINING INSTITUTION"S SUMMARY OF ITS RESOURCES AND PLANS FOR THE GRADUATE-LEVEL TRAINING OF HIGHER EDUCATION PERSONNEL

A. Name of Institution: _____

B. Name and Institutional Position of Person Preparing This Summary:

_____

C. Total Enrollment for College Credit in the Institution, Fall Term:

	1967-68	1966-67	1965-66	1964-65	1963-64
Total 1/ Number of Students Enrolled for College Credit					
Undergraduate Enrollment for College Credit					
Full-Time					
Part-Time					
Post-Baccalaureate Graduate and Professional Enrollment for Academic Credit					
Full-Time					
Part-Time					

D. Faculty Members:

	1967-68	1966-67	1965-66	1964-65	1963-64
Total 1/ Number of Faculty Who Teach One or More Courses in Degree-Credit Programs					
Teaching Faculty Who Are Full-Time University Employees					
Teaching Faculty Who Are Part-Time University Employees					

1/ Please explain any discrepancies between the totals as given and as calculated.

PART II. TRAINING INSTITUTION'S SUMMARY OF ITS RESOURCES AND PLANS FOR THE GRADUATE-LEVEL TRAINING OF HIGHER EDUCATION PERSONNEL (continued)

E. Earned Degrees Awarded in the 12-Month Year Ending in June:

	1967-68	1966-67	1965-66	1964-65	1963-64
Total 1/ Number of Earned Degrees Awarded					
Bachelors					
Masters					
Intermediate Degrees					
Doctorates not Requiring Research Dissertations					
Doctorates Requiring Research Dissertations					

1/ Please explain any discrepancies between the totals as given and as calculated.

F. Narrative Statement (Which need not exceed ten typewritten pages) of the Training Institution's Resources and Plans for the Graduate-Level Training of Higher Education Personnel.

This statement should relate both to the data just provided on trends in enrollment, faculty, and earned degrees awarded, and to the data provided in the program applications herewith submitted. Cite evidences of institutional strength for the advanced level training of faculty and other higher education personnel. What are the principal weaknesses of the institution's graduate-level training programs? What are the institution's plans for dealing with these weaknesses?

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF EDUCATION
WASHINGTON, D. C. 20202

DO NOT WRITE IN THIS AREA 17

NDEA Title IV Graduate Fellowship Program

PART III — PROGRAM APPLICATION OR REPORT

THIS IS (*Check applicable box*)

☐ AN APPLICATION FOR APPROVAL OF A DEPARTMENT (*or comparable academic unit*) WHICH **WAS NOT APPROVED** FOR THE AWARD OF TITLE IV FELLOWSHIPS FOR 1968-69 (*Complete all items except item G*).

☐ A PROGRESS REPORT FOR A DEPARTMENT (*or comparable academic unit*) WHICH **WAS APPROVED** FOR THE AWARD OF TITLE IV FELLOWSHIPS FOR 1968-69

INSTRUCTIONS — On separate sheets of letter-size paper, prepare a descriptive statement for each department (*or comparable academic unit*) included in this submission. These statements should each have separate pagination and be attached to this Part III as appendices to Part I — Transmittal Form. Four (4) copies of each statement should be submitted. One (1) extra copy of this form (*Part III*) is included in each packet for your institution's own files. Applications should be made only for academic disciplines authorized to award the Ph.D. or its equivalent.

A NAME OF INSTITUTION — DO NOT WRITE IN THIS AREA

B NAME OF GRADUATE DEPARTMENT (*Or comparable academic unit*) — DO NOT WRITE IN THIS AREA

C TOTAL GRADUATE STUDENT AND DOCTORAL STUDENT ENROLLMENT IN THE PROGRAM*

FALL TERM	TOTAL GRADUATE STUDENT ENROLLMENT		DOCTORAL STUDENT ENROLLMENT	
	FULL-TIME*	PART-TIME	FULL-TIME*	PART-TIME
1962-63				
1963-64				
1964-65				
1965-66				
1966-67				
1967-68				
1968-69 ESTIMATE				
1969-70 ESTIMATE				

*The "doctoral student" figures should represent the number of students who intend to pursue the doctorate and who have been or will be encouraged to do so.

A "full-time student" is defined for this purpose as one who is engaged entirely in graduate training activities in his field of study.

D NUMBER OF DEGREES AWARDED TO STUDENTS IN THIS PROGRAM

ACADEMIC YEAR	DEGREES CONFERRED		
	MASTERS	INTERMEDIATE	DOCTORS
1962-63			
1963-64			
1964-65			
1965-66			
1966-67			
1967-68			
1968-69 ESTIMATE			
1969-70 ESTIMATE			

E TYPE OF SUPPORT — Number of students in the graduate department or program who are supported by scholarships, fellowships, traineeships, or assistantships

ACADEMIC YEAR	FELLOWSHIPS AND TRAINEESHIPS									ASSISTANTSHIPS	
	UNIVERSITY	TUITION AWARDS	NON-FEDERAL	NSF	NIH	NASA	NDEA, TITLE IV	NDEA, TITLE VI	OTHER FEDERAL	TEACHING	RESEARCH
1966-67											
1967-68											
1968-69											

F GENERAL INFORMATION REGARDING THE DEPARTMENT

1 DESCRIPTIVE STATEMENT (*Check one of the following*)

A ☐ THIS DEPARTMENT (*or other comparable academic unit*) IS ONE IN WHICH A PH.D. OR EQUIVALENT DEGREE HAS BEEN GIVEN FULL APPROVAL BY ALL NECESSARY AUTHORITIES AND IS TO BE OFFERED FOR THE FIRST TIME IN ACADEMIC YEAR 1969-70. (*If the department or program has not yet been given final authority to offer the Ph.D. or equivalent degree, the underlined words may be stricken out.*)

B ☐ THIS DEPARTMENT (*or other comparable academic unit*) IS ONE IN WHICH THE DOCTORAL PROGRAM WILL EXPAND IN ACADEMIC YEAR 1969-70 BY AT LEAST ONE FULL-TIME INSTRUCTOR OR EQUIVALENT, OR BY SUCH AN ADDITION TO GRADUATE-LEVEL ACADEMIC FACILITIES THAT THE CAPACITY OF THE PROGRAM IS SIGNIFICANTLY INCREASED.

C ☐ THIS DEPARTMENT (*or other comparable academic unit*) IS ONE IN WHICH THE DOCTORAL PROGRAM IS NEITHER NEW IN 1969-70 NOR EXPANDING ITS GRADUATE FACULTY OR FACILITIES.

THE FOLLOWING NARRATIVE INFORMATION SHOULD BE SUPPLIED BY APPLICANT PROGRAMS WHICH LACK NDEA TITLE IV GRADUATE FELLOWSHIP PROGRAM APPROVAL IN 1968-69:

F GENERAL INFORMATION REGARDING THE DEPARTMENT (*Continued*) — This part to be prepared in NARRATIVE

2 1968-69 PROGRAM FACULTY — Provide an account entitled "Data on 1968-69 Program Faculty" giving the following information: (*List first the chairman of the department or other academic unit, and then, in order of academic rank, those faculty members who will be significantly involved with the graduate program*)

- A. NAME AND YEAR OF APPOINTMENT TO FACULTY (*Clearly indicate visiting faculty*)
- B. ACADEMIC RANK
- C. PERCENT OF TIME DEVOTED TO GRADUATE INSTRUCTION IN PROGRAM
- D. DEGREES: WHEN AND WHERE CONFERRED
- E. FIELD OF SPECIALIZATION
- F. TITLES OF DISSERTATIONS COMPLETED UNDER HIS PRINCIPAL DIRECTION OVER THE LAST 3 YEARS
- G. IMPORTANT SCHOLARLY PUBLICATIONS BY TITLE, PUBLISHER, AND PUBLICATION DATES
- H. OTHER PROFESSIONAL ACTIVITIES AND ACCOMPLISHMENTS

3 OTHER REQUIREMENTS — Provide a statement of 5 to 10 pages (*double-spaced*) presenting the following:

- A. THE GENERAL RANGE OF COURSE OFFERINGS AVAILABLE TO STUDENTS SEEKING THE DOCTORATE IN THE DEPARTMENT (*or other academic unit*)
- B. GENERAL AND SPECIAL DOCTORAL DEGREE REQUIREMENTS, INCLUDING FIELDS OF STUDY REQUIRED AND FIELDS OF SPECIALIZATION AVAILABLE
- C. ANY AREAS OF STRENGTH OR DEFICIENCY IN THE PROGRAM, INCLUDING SHORT AND LONG-RANGE STAFFING PLANS
- D. GENERAL AND SPECIAL FACILITIES AVAILABLE TO STUDENTS SEEKING THE DOCTORATE INCLUDING LIBRARY HOLDINGS

4 DESCRIBE PLANS BY THE DEPARTMENT (*or other academic unit*) FOR HELPING NDEA TITLE IV FELLOWS TO COMPLETE THEIR DOCTORATES WITHIN NO MORE THAN FIVE YEARS OF GRADUATE STUDY

5 DESCRIBE ANY STEPS WHICH THE DEPARTMENT (*or other academic unit*) HAS TAKEN OR PLANS TO TAKE TO PROVIDE TEACHING EXPERIENCE FOR NDEA TITLE IV FELLOWS TO PREPARE THEM AS COLLEGE AND UNIVERSITY TEACHERS

6 DESCRIBE ANY STEPS WHICH THE DEPARTMENT (*or other academic unit*) HAS TAKEN OR PLANS TO TAKE TO MAINTAIN PROFESSIONAL CONTACT WITH NDEA TITLE IV FELLOWS AFTER THEY LEAVE THE DEPARTMENT

THE FOLLOWING NARRATIVE INFORMATION SHOULD BE SUPPLIED BY APPLICANT PROGRAMS WHICH HAVE NDEA TITLE IV GRADUATE FELLOWSHIP PROGRAM APPROVAL IN 1968-69:

G 1 LIST ALL NEW FACULTY MEMBERS WHO WILL BE SIGNIFICANTLY INVOLVED IN GRADUATE INSTRUCTION GIVING THE FOLLOWING INFORMATION ABOUT EACH:

- A. NAME AND YEAR OF APPOINTMENT TO FACULTY (*Clearly indicate visiting faculty*)
- B. ACADEMIC RANK
- C. PERCENT OF TIME DEVOTED TO GRADUATE INSTRUCTION IN PROGRAM
- D. DEGREES: WHEN AND WHERE CONFERRED
- E. FIELD OF SPECIALIZATION
- F. IMPORTANT SCHOLARLY PUBLICATIONS, PARTICULARLY RECENT PUBLICATIONS, BY TITLE, PUBLISHER, AND PUBLICATION DATES
- G. OTHER PROFESSIONAL ACTIVITIES AND ACCOMPLISHMENTS

2 LIST PROGRAM FACULTY MEMBERS WHO HAVE BEEN LOST TO THE PROGRAM IN 1968-69 WHO WERE PRESENT IN 1967-68 (*do not include those on short-term leave of absence*)

3 DESCRIBE ANY CURRICULAR, ADMINISTRATIVE, OR PHYSICAL CHANGES OF MAJOR SIGNIFICANCE ONLY THAT HAVE OCCURRED DURING THE YEAR. IF NONE HAVE OCCURRED, SIMPLY REPORT "NO CHANGES OF MAJOR SIGNIFICANCE"

4 DESCRIBE PLANS BY THE DEPARTMENT (*or other academic unit*) FOR HELPING NDEA TITLE IV FELLOWS TO COMPLETE THEIR DOCTORATES WITHIN NO MORE THAN FIVE YEARS OF GRADUATE STUDY

5 DESCRIBE ANY STEPS WHICH THE DEPARTMENT (*or other academic unit*) HAS TAKEN OR PLANS TO TAKE TO PROVIDE TEACHING EXPERIENCE FOR NDEA TITLE IV FELLOWS TO PREPARE THEM AS COLLEGE AND UNIVERSITY TEACHERS

6 DESCRIBE ANY STEPS WHICH THE DEPARTMENT (*or other academic unit*) HAS TAKEN OR PLANS TO TAKE TO MAINTAIN PROFESSIONAL CONTACT WITH NDEA TITLE IV FELLOWS AFTER THEY LEAVE THE DEPARTMENT

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF EDUCATION
WASHINGTON, D. C. 20202

DO NOT WRITE IN THIS AREA

-19

EPDA Part E Graduate Fellowship Program

PART IV — PROGRAM APPLICATION

THIS IS (*Check applicable box*)

☐ AN APPLICATION FOR APPROVAL OF A DEPARTMENT (*or comparable academic unit*) WHICH **WAS NOT APPROVED** FOR THE AWARD OF TITLE IV FELLOWSHIPS FOR 1969-69

☐ AN APPLICATION FOR A DEPARTMENT OR PROGRAM WHICH **WAS APPROVED** FOR THE AWARD OF TITLE IV FELLOWSHIPS FOR 1968-69

INSTRUCTIONS — On separate sheets of letter-size paper, prepare a descriptive statement for each department (*or comparable academic unit*) included in this submission. These statements should each have separate pagination and be attached to this Part III as appendices to Part I — Transmittal Form. Four (4) copies of each statement should be submitted. One (1) extra copy of this form (*Part III*) is included in each packet for your institution's own files. Applications should be made only for academic disciplines authorized to award advanced degrees.

A NAME OF INSTITUTION — DO NOT WRITE IN THIS AREA

B NAME OF GRADUATE DEPARTMENT (*Or comparable academic unit*) — DO NOT WRITE IN THIS AREA

C TOTAL GRADUATE STUDENT AND DOCTORAL STUDENT ENROLLMENT IN THE PROGRAM*

FALL TERM	TOTAL GRADUATE STUDENT ENROLLMENT		DOCTORAL STUDENT ENROLLMENT	
	FULL-TIME*	PART-TIME	FULL-TIME*	PART-TIME
1962-63				
1963-64				
1964-65				
1965-66				
1966-67				
1967-68				
1968-69 ESTIMATE				
1969-70 ESTIMATE				

*The "doctoral student" figures should represent the number of students who intend to pursue the doctorate and who have been or will be encouraged to do so.

A "full-time student" is defined for this purpose as one who is engaged entirely in graduate training activities in his field of study.

D NUMBER OF DEGREES AWARDED TO STUDENTS IN THIS PROGRAM

ACADEMIC YEAR	DEGREES CONFERRED		
	MASTER'S	INTERMEDIATE	DOCTOR'S
1962-63			
1963-64			
1964-65			
1965-66			
1966-67			
1967-68			
1968-69 ESTIMATE			
1969-70 ESTIMATE			

E TYPE OF SUPPORT — Number of students in the graduate department or program who are supported by scholarships, fellowships, traineeships or assistantships

ACADEMIC YEAR	FELLOWSHIPS AND TRAINEESHIPS									ASSISTANTSHIPS	
	UNIVERSITY	TUITION AWARDS	NON-FEDERAL	NSF	NIH	NASA	NDEA, TITLE IV	NDEA, TITLE VI	OTHER FEDERAL	TEACHING	RESEARCH
1966-67											
1967-68											
1968-69											

F GENERAL INFORMATION REGARDING THE DEPARTMENT OR PROGRAM

1 DESCRIPTIVE STATEMENT (*Check one or more of the following, as applicable:*

A ☐ THIS DEPARTMENT (OR OTHER COMPARABLE ACADEMIC UNIT) IS ONE IN WHICH THE PH.D OR EQUIVALENT DEGREE IS AUTHORIZED AND OFFERED: NAME OF DEGREE OR DEGREES

B ☐ THIS DEPARTMENT (OR OTHER COMPARABLE ACADEMIC UNIT) IS ONE IN WHICH AN INTERMEDIATE DEGREE IS AUTHORIZED AND OFFERED. NAME OF DEGREE OR DEGREES

C ☐ THIS DEPARTMENT (OR OTHER COMPARABLE ACADEMIC UNIT) IS ONE IN WHICH A MASTERS DEGREE IS AUTHORIZED AND OFFERED. NAME OF DEGREE OR DEGREES

F GENERAL INFORMATION REGARDING THE DEPARTMENT (continued)--This part to be prepared in NARRATIVE

2. 1967-68 Program Faculty--Provide an account entitled "Data on 1968-69 Program Faculty" giving the following information:
(List first the chairman of the department or other academic unit, and then, in order of academic rank, those faculty members who will be significantly involved with the graduate program)

   A. Name and Year of Appointment to Faculty (Clearly indicate visiting faculty)

   B. Academic Rank

   C. Degrees: When and Where Conferred

   E. Field of Specialization

   F. Titles of Dissertations Completed Under his Principal Direction Over the Last 3 Years

   G. Important Scholarly Publications By Title, Publisher, and Publication Dates

   H. Other Professional Activities and Accomplishments

3. Other Requirements--Provide a statement of 5 to 10 pages (double-spaced) presenting the following:

   A. The General Range of Course Offerings Available to Students Seeking Advanced Degrees in the Department (or other academic unit)

   B. General and Special Advanced Degree Requirements, Including Fields of Study Required and Fields of Specialization Available

   C. Any Areas of Strength or Deficiency in the Program, Including Short and Long-Range Staffing Plans

   D. General and Special Facilities Available to Students Seeking Advanced Degrees Including Library Holdings

4. Describe Plans by the Department (or other academic unit) for Helping Fellows to Complete their Degrees Within a Normal Period of Graduate Study

5. Describe any Steps Which the Department (or other academic unit) Has Taken or Plans to Take to Provide Teaching Experience for Fellows to Prepare them for College and University Teachers Careers

6. Describe any Steps which the Department (or other academic unit) Has Taken or Plans to Take to Maintain Professional Contact with Fellows After they Leave the Department

U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education
Bureau of Higher Education
Washington, D.C. 20202

PART V. PROGRAM APPLICATIONS FOR SUPPORT OF EPDA PART E INSTITUTES

A. SUMMARY COVER SHEET

1. Name and Address of Institution:

2. Location of Institute if Different from Item 1:

3. Name of Proposed Director:

   Title:

   Department:

   Campus Address:

   Office Telephone Area Code and Number:

   Home Telephone Area Code and Number:

4. Duration of Institute (Number of Weeks):

   From (Month, Day, Year):

   To (Month, Day, Year):

5. Title of Institute Program:

6. Concise Statement of Objectives, Method, and Content of Proposed Institute (Please continue statement on the following page):

PART V. PROGRAM APPLICATIONS FOR SUPPORT OF EPDA PART E INSTITUTES (continued)

6. Concise Statement of Objectives, Method, and Content of Proposed Institute
(continued from previous page)

PART V. PROGRAM APPLICATIONS FOR SUPPORT OF EPDA PART E INSTITUTES (continued)

B. BODY OF PROPOSAL. Please consult Manual for the Preparation of Proposals.

C. BUDGET. In preparing the budget the following outline should be followed.

A	DIRECT COSTS - ADMINISTRATIVE AND INSTRUCTIONAL STAFF SALARIES				
	1	DIRECTOR			$
	2	SECRETARY AND CLERICAL			$
	3	OTHER ADMINISTRATIVE SUPPORTING STAFF			$
	4	FULL-TIME INSTRUCTORS			$
	5	PART-TIME INSTRUCTORS			$
	6	INSTRUCTIONAL ASSISTANTS			$
	7	LECTURERS AND/OR CONSULTANTS			$
	8	SUBTOTAL FOR SALARIES (SUM OF LINES 1 THROUGH 7)			$
B	OTHER DIRECT COSTS				
	9	EMPLOYEE SERVICES AND BENEFITS			$
	10	TRAVEL			$
	11	OFFICE SUPPLIES, PUBLICITY, COMMUNICATIONS			$
	12	INSTRUCTIONAL SUPPLIES			$
	13	REQUIRED FEES			$
	14	EQUIPMENT RENTAL AND/OR DEPRECIATION (IF APPLICABLE)			$
	15	SUBTOTAL FOR OTHER DIRECT COSTS (SUM OF LINES 9 THROUGH 14)			$
	16	TOTAL DIRECT COSTS (SUM OF LINES 8 AND 15)			$
C	INDIRECT COSTS				
	17	TOTAL INDIRECT COSTS (8 PERCENT OF TOTAL; LINE 16 + LINE 21)			$
D	TOTAL DIRECT AND INDIRECT COSTS				
	18	TOTAL DIRECT AND INDIRECT COSTS (SUM OF LINES 16 AND 17)			$
E	PARTICIPANT SUPPORT				
	19	FULL AND/OR PARTIAL STIPENDS TOTAL	NUMBER	AVERAGING (EACH) $	$
	20	DEPENDENCY ALLOWANCES TOTAL	NUMBER	AVERAGING (EACH) $	$
	21	TOTAL PARTICIPANT SUPPORT (SUM OF LINES 19 AND 20)			$
	22	GRAND TOTAL (SUM OF LINES 18 AND 21)			$
	23	WEEKLY COST PER PARTICIPANT (TO BE CALCULATED BY THE FORMULA SHOWN HERE.	GRAND DOLLAR TOTAL REQUESTED / NO. OF PARTICIPANTS x NO. OF NORMAL WORK WEEKS		$

88th Congress
2d Session } COMMITTEE PRINT

NATIONAL DEFENSE EDUCATION ACT OF 1958, AS AMENDED BY THE 88TH CONGRESS

TITLE IV—NATIONAL DEFENSE FELLOWSHIPS

APPROPRIATIONS AUTHORIZED

SEC. 401. There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this title.

NUMBER OF FELLOWSHIPS

SEC. 402. (a) During the fiscal year ending June 30, 1965, the Commissioner is authorized to award not to exceed three thousand fellowships to be used for study in graduate programs at institutions of higher education, during the fiscal year ending June 30, 1966, he is authorized to award not to exceed six thousand such fellowships, and during each of the two succeeding fiscal years, he is authorized to award not to exceed seven thousand five hundred such fellowships. Such fellowships may be awarded for such period of study as the Commissioner may determine, but not in excess of three academic years, except that where a fellowship holder pursues his studies as a regularly enrolled student at the institution during periods outside the regular sessions of the graduate program of the institution, a fellowship may be awarded for a period not in excess of three calendar years.[7]

(b) In addition to the number of fellowships authorized to be awarded by subsection (a) of this section, the Commissioner is authorized to award fellowships equal to the number previously awarded during any fiscal year under this section but vacated prior to the end of the period for which they were awarded; except that each fellowship awarded under this subsection shall be for such period of study, not in excess of the remainder of the period for which the fellowship which it replaces was awarded, as the Commissioner may determine.

AWARD OF FELLOWSHIPS AND APPROVAL OF INSTITUTIONS

SEC. 403. (a) Of the total number of fellowships authorized by section 402(a) to be awarded during a fiscal year (1) not less than one thousand five hundred of such fellowships awarded during the fiscal year ending June 30, 1965, and not less than one-third of such fellowships awarded during the three succeeding fiscal years shall be awarded to individuals accepted for study in graduate programs approved by the Commissioner under this section, and (2) the remainder shall be awarded on such bases as he may determine, subject to the provisions of subsection (c). The Commissioner shall approve a graduate program of an institution of higher education only upon application by the institution and only upon his finding:

(1) that such program is a new program or an existing program which has been expanded, and

(2) that such new program or expansion of an existing program will substantially further the objective of increasing the facilities available in the Nation for the graduate training of college or university level teachers and of promoting a wider geographical distribution of such facilities throughout the Nation.

(b) The total of the fellowships awarded as described in clause (1) of subsection (a) for pursuing a course of study in a graduate program at any institution of higher education may not exceed a limit established by the Commissioner in the light of the objective referred to in subsection (a)(2), and the Commissioner shall give consideration to such objective in determining the number of fellowships awarded under this title for attendance at any one institution of higher education.

(c) Recipients of fellowships under this title shall be persons who are interested in teaching, or continuing to teach, in institutions of higher education and are pursuing, or intend to pursue, a course of study leading to a degree of doctor of philosophy or an equivalent degree.

(d) No fellowship shall be awarded under this title for study at a school or department of divinity. For the purposes of this subsection, the term "school or department of divinity" means an institution or department or branch of an institution, whose program is specifically for the education of students to prepare them to become ministers of religion or to enter upon some other religious vocation or to prepare them to teach theological subjects.[1]

FELLOWSHIP STIPENDS

SEC. 404. (a) Each person awarded a fellowship under the provisions of this title shall receive a stipend of $2,000 for the first academic year of study, $2,200 for the second such year, and $2,400 for the third such year, plus an additional amount of $400 for each such year on account of each of his dependents. Where a person awarded a fellowship under this title for study at an institution of higher education pursues his studies as a regularly enrolled student at such institution during periods outside of the regular sessions of the graduate program of the institution, the Commissioner may make appropriate adjustments in his stipends and allowances for dependents.

(b) In addition to the amounts paid to persons pursuant to subsection (a) there shall be paid to the institution of higher education at which each such person is pursuing his course of study $2,500 per academic year, less any amount charged such person for tuition.

FELLOWSHIP CONDITIONS

SEC. 405. A person awarded a fellowship under the provisions of this title shall continue to receive the payments provided in section 404 only during such periods as the Commissioner finds that he is maintaining satisfactory proficiency in, and devoting essentially full time to, study or research in the field in which such fellowship was awarded, in an institution of higher education, and is not engaging in gainful employment other than part-time employment by such institution in teaching, research, or similar activities, approved by the Commissioner.

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[1] By secs. 401 and 402(d) of Public Law 88-665, the revision of subsecs. 402(a), 403(a), and 403(b), and the insertion of subsecs. 404(c) and 404(d) is effective July 1, 1964.

90TH CONGRESS
1ST SESSION

H. R. 6232

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 28, 1967

Mr. PERKINS introduced the following bill; which was referred to the Committee on Education and Labor

A BILL

To amend the Higher Education Act of 1965, the National Defense Education Act of 1958, the National Vocational Student Loan Insurance Act of 1965, and the Higher Education Facilities Act of 1963.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, with the following table of contents, may be cited as the "Higher Education Amendments of 1967".

TITLE IV—STUDENT ASSISTANCE

PART E—AMENDMENTS TO NATIONAL DEFENSE FELLOWSHIP PROGRAM

Sec. 471. Extension of program.
Sec. 472. Increasing maximum length of fellowship from three to four years in special circumstances, and requiring institutional effort to encourage recipients to enter or continue teaching.
Sec. 473. Requiring stipends to be set in an amount consistent with those awarded for comparable fellowships.

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PART E—AMENDMENTS TO NATIONAL DEFENSE FELLOWSHIP PROGRAM

EXTENSION OF PROGRAM

SEC. 471. (a) Section 402 (a) of the National Defense Education Act of 1958 is amended by striking out "two succeeding fiscal years" and inserting in lieu thereof "seven succeeding fiscal years".

(b) Section 403 (a) of such Act is amended by striking out "three succeeding fiscal years" and inserting in lieu thereof "eight succeeding fiscal years".

INCREASING MAXIMUM LENGTH OF FELLOWSHIP FROM 3 TO 4 YEARS IN SPECIAL CIRCUMSTANCES, AND REQUIRING INSTITUTIONAL EFFORT TO ENCOURAGE RECIPIENTS TO ENTER OR CONTINUE TEACHING

SEC. 472. (a) Subsection (a) of section 402 of the National Defense Education Act of 1958 is amended by inserting "(1)" after "except" in the second sentence thereof, and by inserting immediately before the period at the end of such sentence the following: ", and (2) that the Commissioner may provide by regulation for the granting of such fellowships for a period of study not to exceed one academic year (or one calendar year in the case of fellowships to which

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clause (1) applies) in addition to the maximum period otherwise applicable, under special circumstances in which the purposes of this title would most effectively be served thereby".

(b) The Commissioner may in his discretion increase, in accordance with the amendment made by subsection (a), the maximum periods of fellowships awarded prior to the enactment of this Act.

(c) The second sentence of section 403 (a) is amended by striking out the period at the end of clause (2) of such sentence and inserting ", and" in lieu thereof; and by adding the following new clause:

"(3) that the application contains satisfactory assurance that the institution will make reasonable continuing efforts to encourage recipients of fellowships under this title, enrolled in such program, to teach or continue to teach in institutions of higher education."

(d) The amendment made by subsection (c) of this section shall be effective with respect to fellowships awarded on or after June 30, 1967, or on or after the date of enactment of this Act, whichever date is later.

REQUIRING STIPENDS TO BE SET IN AN AMOUNT CONSISTENT WITH THOSE AWARDED FOR COMPARABLE FELLOWSHIPS

SEC. 473. (a) Section 404 (a) of the National Defense Education Act of 1958 is amended to read as follows:

"SEC. 404. (a) The Commissioner shall pay to persons awarded fellowships under this title such stipends (including such allowances for subsistence and other expenses for such persons and their dependents) as he may determine to be consistent with prevailing practices under comparable federally supported programs."

(b) The amount of any stipend payable with respect to a fellowship awarded prior to the date of enactment of this Act shall not, during the period for which such fellowship was awarded, be less with respect to any year of study than the amount that would in the absence of the amendment made by subsection (a) of this section be payable with respect to such year.

EDUCATION PROFESSIONS DEVELOPMENT ACT

Public Law 90-35
June 29, 1967

"PART E - Training Programs for Higher Education Personnel

"Programs and Projects

"Sec. 541. (a) The Commissioner is authorized to make grants to, or contracts with, institutions of higher education to assist them in training persons who are serving or preparing to serve as teachers, administrators, or educational specialists in institutions of higher education.

"(b) Grants or contracts under this section may provide for use of funds received thereunder only to assist in covering the cost of courses of training or study (including short-term or regular session institutes and other preservice and inservice training programs) for such persons, and for establishing and maintaining fellowships or traineeships, except that funds may not be used for fellowships which are eligible for support under title IV of the National Defense Education Act of 1958, or for seminars, conferences, symposia, and workshops unless these are part of a continuing program of inservice or preservice training.

" (c) The Commissioner may make a grant to or enter into a contract with an institution of higher education only upon application by the institution and only upon his finding that such program will substantially improve educational opportunities throughout the Nation for training for persons who have or are preparing to undertake teaching or administrative responsibilities in institutions of higher education or the responsibilities of an educational specialist in such institution.

"Stipends

"Sec. 542. The Commissioner may include in the terms of any arrangement with an institution of higher education under this part provisions authorizing the payment, to persons participating in training programs supported under this part, of such stipends (including allowances for subsistence and other expenses for such persons and their dependents) as he may determine, which shall be consistent with prevailing practices under comparable federally supported programs.

"Appropriations Authorized

"Sec. 543. There is authorized to be appropriated to carry out this part the sum of $21,500,000 for the fiscal year ending June 30, 1969, and the sum of $36,000,00 for the fiscal year ending June 30, 1970."

DRAFT GUIDELINES
1/20/68

GUIDE FOR PREPARING A STATE PLAN FOR ATTRACTING AND QUALIFYING TEACHERS TO MEET CRITICAL TEACHER SHORTAGES, UNDER PART B, SUBPART 2 OF THE EDUCATION PROFESSIONS DEVELOPMENT ACT (TITLE V OF THE HIGHER EDUCATION ACT OF 1965)

U.S. DEPARTMENT OF
HEALTH, EDUCATION, AND WELFARE

Office of Education
Bureau of Education Personnel Development

DISCRIMINATION PROHIBITED -- Title VI of the Civil Rights Act of 1964 states: "No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity receiving Federal financial assistance." Therefore, Part B, Subpart 2 of the Education Professions Development Act, like every program or activity receiving financial assistance from the Department of Health, Education, and Welfare, must be operated in compliance with this law, and with the rules, regulations and orders thereunder issued by the Secretary and signed by the President published at 45 CFR Part 80 to implement it.

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INTRODUCTION

Part B--Subpart 2 of the Act provides for broadened and extended Federal support for programs of local communities designed to relieve critical teacher shortages. It authorizes grants to States which will enable them to support efforts by local education agencies to:

1. "attract to teaching persons in the community who have been otherwise engaged and to provide them, through short-term intensive training programs and subsequent in-service training, with the qualifications necessary for a successful career in teaching," and,
2. "Obtain the services of teacher aides and provide them with the necessary training with a view of increasing the effectiveness of classroom teachers."

Under this subpart, the State is given the prerogative of and responsibility for developing a plan for allocating Federal funds available for these programs.

This legislation provides the opportunity to State and local educational agencies to develop imaginative, coordinated and effective programs that will attract and qualify persons into the education profession who can stimulate creativity and treat with critical problems.

States are urged to formulate plans for allocating funds to local education agencies which require that local programs supplement present

local practices for recruitment and training. Additionally, State plans should encourage flexibility in patterning local programs so as to most nearly take into account local conditions and needs.

The Act requires that programs under this subpart be coordinated with teacher training programs undertaken by local education agencies under Part D of the Act. It is suggested that even greater strength may be given local efforts if attempts to coordinate funds from all appropriate Federal support programs are encouraged.

State plans should emphasize the need for local programs to view both teacher-training programs and teacher-aide training programs as combined programs containing both pre-service and in-service components. Finally, State plans should provide for systematic assessment of needs of local schools from which State priorities might be established and for the inclusion of guidelines by which evaluation of local programs might be accomplished.

INSTRUCTIONS FOR PREPARING A STATE PLAN

A "State Plan" serves as a legal basis for the State's participation in a Federal grant program. The plan must provide a general description of the program to be conducted by the State under the law plus whatever amplifications are required by the Regulations.

1. The following pages are provided as a guide to be followed in the development of a State plan. This guide has been prepared in a three-column sequence. The first column cites the pertinent Regulation and Act references; the next column gives the plan content or outline with an appropriate numbering system; and the third column provides an explanation which interprets the required procedures and the Federal statute in more detail than do the Regulations. It is not intended that the "Plan Outline" column be interpreted as a form to be completed and submitted to the Commissioner. However, parts of the outline are so written that completion of the blank spaces will suffice to give the essential information.

2. Copy should be typed or reproduced on standard 8½" X 11", white paper with at least a one-inch margin on the left.

3. For convenience and ease of locating specific paragraphs or sub-paragraphs, each new paragraph should begin on a new page. Pages need not be numbered. Rather, the appropriate paragraph number should be placed at the top of the page instead of the conventional

page number. In some cases, the number will be a subparagraph number rather than a paragraph number.

4. Addenda, appendixes, and charts should be numbered in the upper right-hand corner according to the paragraph or subparagraphs to which they pertain.

5. Five copies of the plan or of any amendments must be submitted. Each copy is to be complete, including the necessary signatures and indications of approval action on the part of State officials. Please send to the Director, Division of Program Administration, Bureau of Educational Personnel Development, U.S. Office of Education, Washington, D.C. 20202.

6. Amendments should conform to the original paragraph numbering and page arrangement, and should be accompanied by a certificate of the State educational agency and, if such amendments involve interpretations of State law, by a certificate of the appropriate State legal officer.

SAMPLE FACE SHEET

A State Plan for Attracting and Qualifying Teachers to Meet Critical Teacher Shortages, Under Part B, Subpart 2, of the Education Professions Development Act (Title V of the Higher Education Act of 1965)

Submitted by the State of _____

Approved by _____ on _____
(Name of State Educational Agency) (Date)

The following to be completed by the Office of Education

Date received by the Office of Education: _____

Date on which plan or amendment is effective in the State:

_____

REFERENCES	PLAN OUTLINE	EXPLANATION
Act: 520(a)(1) Reg: ___(1)(h)	The State of _____, through _____, (Name of State educational agency) hereby submits this plan (or amendment) for attracting and qualifying teachers to meet critical teacher shortages, pursuant to the provisions of Part B, Subpart 2, of the Education Professions Development Act (Title V of the Higher Education Act of 1965), and the Regulations issued with respect thereto.	
Act: 520(a)(1) Reg: ___(3)(a)	1.0 State Plan Administration 1.1 Designation of State Agency. The name of the sole agency for administration of this plan is _____ _____ whose official address is: _____ _____	This paragraph is necessary to identify the sole State agency submitting this plan and responsible for its administration.

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REFERENCES	PLAN OUTLINE	EXPLANATION
Act: 520(a)(2)(c)	1.2 Administration 1.21 The official title and address of the officer authorized to submit the State plan is: _____ _____	
Act: 520(a)(9) Reg: _____(38)	1.22 The official title and address of the officer who has legal authority to receive and to have custody of Federal funds is: _____	
Act: 520(a)(9) Reg: _____(37)	1.23 The official title and address of the officer who will have authority to authorize expenditures under the State plan is: _____	

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REFERENCES	PLAN OUTLINE	EXPLANATION
Act: 520(a)(1) Reg: ___(3)(c)	1.24 The official title of the officer and the sub-administrative unit (if any) in the State educational agency which will administer the plan is: _____	
Act: 520(a)(2) Reg: ___(3)(c)	1.25 The organization of the staff of the State educational agency administering this plan is: _____	Briefly describe, by chart or otherwise, how the staff of the administering agency is organized for administration of this State plan. Give sufficient detail to make clear the lines of authority and responsibility.
Reg: ____(3)(d)	1.26 The general composition and method of establishing a State Title V, Part B, Subpart 2, Advisory Committee(s) is as follows: Whose duties are:	If a State educational agency chooses to establish an advisory committee(s), this paragraph should describe the general composition and duties of such committee(s).

REFERENCES	PLAN OUTLINE	EXPLANATION
Act: 520(a)(2) Reg: (3)(c)	1.27 The general plan for administration of Part B, Subpart 2 of the Education Professions Development Act is as follows:	This should be a general descriptive paragraph to give a brief overview of how the program will be operated in the State.
Act: 520(a)(1) Reg: (3)(b)	1.3 The State Educational Agency's Authority The following cited statutes, regulations, legal opinions, and court decisions contain matter relevant to establishing the authority of the State educational agency submitting this plan.	This paragraph should describe briefly the role and authority of the State agency submitting the plan. It is necessary to furnish certified copies of the pertinent sections of documents which describe the legal premises of the authority of the State agency administering the plan. Copies of such documentation may be attached to the plan as an appendix with appropriate cross reference made to this paragraph.

REFERENCES	PLAN OUTLINE	EXPLANATION
Act: 520(a)(10) Reg: _____(6) ___(29)(4)	1.4 Program Reviews and Reports The _____ (Name of State educational agency) agrees to participate in periodic consultations with the Commissioner and his staff, and to make such reports to the Commissioner as he may consider reasonably necessary to carry out his responsibilities under Part B, Subpart 2, of the Education Professions Development Act, and to comply with such other provisions as the Commissioner may reasonably request as to accessibility, correctness, and verification of reports and related documentary information.	This paragraph should be included in the State plan. It is expected that the SEA will prepare and submit an annual report to the Commissioner within the date prescribed by the Commissioner following the end of the fiscal year, which should include the program activities and expenditures, the extent to which program objectives were achieved and, if not achieved the reasons for non-achievement, and a description of the program projected for the next year or years. In addition to necessary data obtained from State and local fiscal records,

REFERENCES	PLAN OUTLINE	EXPLANATION
		State agencies may be asked to supply narrative information and supporting statistical data concerning: priority of statewide needs that may be met under this program; present program activities and their significant contributions to meeting critical teacher shortages; major steps and improvements which should be undertaken during the next 2-3-5 years; specific development, improvement, or expansion activities to be carried out during the forthcoming fiscal year; efforts to coordinate this program with other programs with similar objectives; significant unsolved problems and steps for solving them.

REFERENCES	PLAN OUTLINE	EXPLANATION
Act: 520(a) Reg: ___(5)	1.5 State Administrative Review and Evaluation The _____ (Name of State educational agency) has established or will establish the following procedures for an annual review of the administrative and supervisory practices associated with the administration of this plan:	This calls for a succinctly stated method of annually studying the procedures used in administering and supervising the operation of this program in the State. The review should include a determination of the appropriateness, pertinence, and effectiveness of administrative and supervisory practices such as the following: (1) development and revision of standards and criteria; (2) assessment of criteria for use in determining critical shortages of teachers and teacher aides; (3) an assessment of efforts to employ new techniques for attracting and training persons who can stimulate creativity in arts and other skills.

REFERENCES	PLAN OUTLINE	EXPLANATION
		(4) procedures for approval of program applications; (5) provision for State supervisory services and leadership assistance to local educational agencies; (6) procedures for dissemination of information; (7) procedures for coordination with other appropriate programs.
Act: 520(a)(4) Reg: _____(20)	2.0 Availability of Grant Funds	
Reg: ____(20)(a)	2.1 Allocation to Local Education Agencies The policies and procedures to be followed in allocating federal funds to support programs of local education agencies are as follows:	This should include the SEA program priorities, its criteria for determining crucial or urgent need for teachers or teacher aides, the quality and relevance of the programs proposed by local education agencies.

REFERENCES	PLAN OUTLINE	EXPLANATION
		Suggested criteria might include one or more of the following: (a) insufficient teaching personnel (which implies excessive pupil population) causing overcrowded classroom conditions (b) high rate of teacher or pupil turnover (c) expanded community services (d) geographic remoteness (e) lack of sufficient personnel in subject matter and specialist areas such as: arts, science, physical education; basic skills, counseling, remedial reading, physically and mentally handicapped. (f) presence of teacher aides with insufficient training.

REFERENCES	PLAN OUTLINE	EXPLANATION

State agencies shall determine and set forth criteria for judging quality and relevance. Such criteria should be as specific as possible even to the point of designating, where possible, behavioral outcomes. Some suggested criteria might be:

(a) A program should provide specific experiences for a selected group of participants.

(b) The components of a program should have direct relationship to the specific behaviors sought from participants.

(c) The components of a program should be related and integrated in such a manner as to complement and reinforce each other.

REFERENCES	PLAN OUTLINE	EXPLANATION
		(d) Every program should provide a practicum situation in order that participants may practice newly acquired skills. (e) Programs should include substantive work readily applicable to classroom situations. (f) Individual programs should be part of a larger plan to improve the quality of pre-service and in-service training programs generally.
Act: 520(a)(7) Reg: ___(20)(b)	2.2 Equitable Participation This agency agrees that no person will be denied admission to training programs carried on under this plan because he is preparing to teach or serve as a teacher aide in a private school.	This section indicates that persons preparing to serve as teachers or teacher aides in private schools may participate in intensive preservice and inservice training programs, and receive stipends if paid to trainees.

REFERENCES	PLAN OUTLINE	EXPLANATION
Act: 520(a)(3) Reg: ___(20)(c)	2.3 Fair Hearing for Unsuccessful Local Applicants The following policies and procedures are established to assure every local educational agency whose application for funds under this plan is denied an opportunity for a fair hearing before the State educational agency:	The law requires that local education agencies whose applications to State departments are not approved must be provided a "fair hearing" by the State agency. Therefore, this paragraph should explain appropriate hearing procedures. Normally, such procedures will conform to current practice within the State.
Act: 520(a) Reg: ___(20)(d)	2.4 Coordination of Programs The following procedures are designed to assure that appropriate coordination among State, Federal, and local programs will be carried out at State and local levels:	These procedures should be designed to ensure maximum effectiveness and efficiency in the use of Federal funds, and to help States avoid duplication of financial and program effort. Suggested examples of possible procedures include:

REFERENCES	PLAN OUTLINE	EXPLANATION
		(1) Establishment of a Council for Federal, State, local programs, with representatives from each funding program. The council would participate in program planning and institute procedures to be informed of on-going programs and program developments in each of them; make recommendations to the respective programs concerning priorities, avoidance or elimination of duplication inefficient practices. In addition, this council would recommend effective ways of concentrating coordinative efforts to carry out broad legislative intent for creative innovative techniques to attract and train persons for the education profession. (For example,

REFERENCES	PLAN OUTLINE	EXPLANATION
		coordination is needed between Title V-A) "Attracting Qualified Persons to the Field of Education" and Title V-B "Attracting and Qualifying Teachers to meet Critical Teacher Shortages."
		(2) Appointment by the State educational agency of a Federal-State-Local program coordinator to participate in program planning, determination of program priorities, keep abreast of all on-going Federal-State and local funded programs, make recommendations to administrators of respective programs relative to determined priorities, duplication of effort and effectiveness.

REFERENCES	PLAN OUTLINE	EXPLANATION
		Numerous other examples and variations could be cited. Many States, of course, have established coordinating machinery designed to meet this need, and should simply describe this machinery in the State plan.
Act: 520(a)(2)(A) Reg: ___(21)(a)	3.0 Programs to Attract and to Qualify Persons for Teaching	
	3.1 Eligibility The criteria to be used in selecting recipients of short-term intensive and subsequent inservice training are:	According to law, only persons "otherwise engaged," that is employed in a field other than teaching or currently unemployed, are eligible to participate in the training programs. Persons selected should have had sufficient prior training so that they can through the short-term pre-service and in-service training provided, become qualified or requalified to teach in elementary and secondary schools.

REFERENCES	PLAN OUTLINE	EXPLANATION
		The years of college training and/or experience required for admission should be established by the individual States. "Qualification" does not necessarily imply full certification under the laws of the State. Issuance of emergency or temporary licenses can be construed as evidence of qualification. Persons may be qualified for part-time employment if consistent with State law. It is assumed that those persons successfully completing the short-term intensive training program will be employed in local elementary and secondary schools, and that they will complete the subsequent in-service training provided under this Act while so employed.

REFERENCES	PLAN OUTLINE	EXPLANATION
Act: 520(a)(2)(A) Reg: ___(21)(b)	3.2 Recruitment The policies and procedures to guide local education agencies in identifying and encouraging eligible persons to seek admission to the program are as follows:	State education agencies should offer guidance to local agencies and may also establish or strengthen their machinery for their use in recruiting candidates into the local program. Among the numerous approaches possible are: (1) appropriate use of mass media (TV, radio, press) as well as printed material. (2) Coordination with employment agencies and other community service groups.

REFERENCES	PLAN OUTLINE	EXPLANATION
		(3) Public presentations to civic organizations"reaching out" by persons with professional status and reputations, i.e., parent-teacher associations, League of Women Voters, American Association of University Women, service clubs, fraternal organizations, alumni associations, community health and welfare organizations.
		(4) Use of techniques which attract persons otherwise engaged into the teaching professions on a full or part-time basis who can stimulate creativity in the arts and other skills.
		(5) Stipends should be paid to trainees during the time they are participating in full-time training.

REFERENCES	PLAN OUTLINE	EXPLANATION
Act: 520(a)(2)(A) Reg: ___(21)(c)	3.3 Standards The following standards, both qualitative and quantitative, are established for the short-term intensive training programs and for subsequent in-service training activities:	Short-term intensive training programs normally do not exceed three months of full-time study. "Full-time" is to be interpreted by the individual States in accordance with current and usual definition. Statements concerning goals, administration and classroom procedures, use of practicums, time schedules, content, objectives, and evaluative procedures are appropriate for inclusion in the statement of standards for short-term intensive training programs and for subsequent in-service training experiences. Descriptions of training, experience, and orientation desired in persons conducting the training programs also should be included.

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REFERENCES	PLAN OUTLINE	EXPLANATION
Act: 520(a) Reg: ___(22)	4.0 Programs to Obtain and to Train Teacher Aides.	
Act: 520(a)(6) Reg: ___(22)(a)	4.1 Expenditures The _____ (Name of State educational agency) provides assurance that not more than one-third of the sums expended under this plan will be used to support programs for obtaining the services of and training teacher aides.	This paragraph should be reproduced in the plan.
Act: 520(a)(2)(B) Reg: ___(22)(b)	4.2 Eligibility The specific educational and other criteria to be used in assuring that training will be provided only to persons who show promise of being able with appropriate training to serve as teacher aides are:	Give a brief description of the criteria to be used in determining eligibility, taking into account such requirements as age, education, and experience. Criteria and procedures should be developed in accordance with existing State and local practice.

REFERENCES	PLAN OUTLINE	EXPLANATION
Reg: ___(22)(c)	4.3 Recruitment The policies and procedures to guide local educational agencies in designing programs for obtaining the services of eligible persons as teacher aides are as follows:	Needed here are the policies and procedures for guiding local educational agencies in designing recruitment programs to obtain the services of eligible persons as teacher aides on the basis of full-or part-time employment or on a voluntary basis.
Reg: ___(22)(d)	4.4 Standards The following (quantitative and qualitative) standards are established for programs to enable recipients of pre-service and in-service training to perform the duties of teacher aides.	The purpose of this section is to provide assurance through the development of program standards by the State educational agency that training programs are of sufficient quality and relevance. This paragraph should state as specifically as possible the nature and scope of duties which teacher aides may be expected to perform. Examples of such duties might include the following: grading papers, tutoring; story reading; supervision of

REFERENCES	PLAN OUTLINE	EXPLANATION
		halls, lunchrooms, playgrounds, independent study activities, collecting money, keeping records, etc.
Act: 520(a)(2)(B) Reg: ___(22)(e)	4.5 Effectiveness To assure that pre-service and in-service programs provide teacher aides with the necessary training to perform duties that will increase the effectiveness of classroom teachers, these policies and procedures will be followed:	This paragraph should also set forth policies and procedures designed to provide guidance to local educational agencies in training classroom teachers to work effectively with teacher aides.
Act: 520(a)(2)(c) Act: 520(a)(8) Reg: ___(23)	5.0 Administration of State Plan 5.1 The procedures established by the State Educational Agency to assure that Federal funds under this program will not supplant State and local funds normally budgeted and made available for programs to attract and train prospective teachers and teacher aides are as follows:	This paragraph must establish a method or methods to assure that the Federal funds made available under this program for any fiscal year will supplement, and to the extent practical, increase the level of funds from State and local sources for the base year (the year

REFERENCES	PLAN OUTLINE	EXPLANATION
		immediately proceeding the year in which Federal funds became available) that, in the absence of such Federal funds, normally would be budgeted and made available for programs to recruit and train teachers and teacher aides.
Act: 801(g) Reg: p.3(i) & .2(a)	5.2 Direct State Administration of Programs and Projects	
	5.21 The Authority of the State Educational Agency to Directly Administer Programs and Projects in Certain Public Elementary and Secondary Schools The following cited laws, regulations and opinions and interpretations will indicate the State Educational Agency's authority under State law for the direct administration of programs and projects in certain public elementary and secondary schools:	Copies of all relevant documents should be submitted with this plan. However, when it is not convenient to supply copies of pertinent State laws, appropriate citations should be made. The State educational agency may, under certain conditions, use Federal program funds (apart from the three per cent it receives for administration) for programs and projects which it administers directly.

REFERENCES	PLAN OUTLINE	EXPLANATION
		The term "local educational agency" as used in this Act (Sec. 801(g)) includes any State educational agency having administrative control and direction of a public elementary or secondary school. The definition as applied here would have implications for States such as Alaska, Delaware, Hawaii, Maine, and others in which some or all of the public elementary and secondary schools are under the operational control of the State educational agency. Included in this definition are State educational agencies which operate special schools and programs at the elementary and secondary levels, such as State schools for the blind, State schools for the deaf, State schools for the mentally handicapped, State vocational-technical schools, and laboratory schools

REFERENCES	PLAN OUTLINE	EXPLANATION
		operated by State universities. Local educational agencies which are legally responsible for programs in public elementary and secondary schools in a city, county, township, school district, or other political subdivision, or a combination of such jurisdictions, may request a State educational agency to conduct a program. The responsibility for the program, however, still rests with the local educational agency even though it may be carried out by a State educational agency. When a State educational agency administers directly a program under Part B, Subpart 2, of the Education Professions Development Act (Title V of the Higher Education Act of 1965), it must follow the same conditions and procedures which govern local

REFERENCES	PLAN OUTLINE	EXPLANATION
		educational agencies in developing and administering local programs and projects.
Act: 520(a)(2)(C) Reg: ___(29)	5.3 Duties and Qualifications of State Personnel in Professional Positions The duties and qualifications of State professional personnel to administer this program are:	Give titles and brief job descriptions for administrative and supervisory positions as well as the qualifications required of the State professional staff administering this program.
	5.4 State Administration, Leadership, and Supervision The program of State administration, leadership, and supervision to be incorporated as a part of this plan is as follows:	Briefly describe the types of services to be provided to local educational agencies by the State educational agency for this program.
Act: 520(a)(2)(A) and (B)	5.5 Development of Short- and Long-Term Policies and Procedures for Programs of Local Educational Agencies The _____ (Name of State educational agency)	Describe the procedures to be used in allocating Federal funds to local educational agencies. If this is to be done through the eliciting and approval of

REFERENCES	PLAN OUTLINE	EXPLANATION
	will use the following approval procedure (to be revised as necessary) for making available to local educational agencies program funds for attracting and training teachers and teacher aides:	projects or applications, give pertinent information as to (1) the procedures to be used in submitting projects or applications; (2) how such applications are reviewed and evaluated by competent personnel; and (3) the action to be taken following approval or disapproval. (If methods other than projects or applications are employed, describe the procedure used.)
Act: 520(a)(2)(C) Reg: ___(29)(2)	5.6 Development, Revision, Dissemination and Evaluation of Standards Relating to Training Programs for Prospective Teachers and Teacher Aides	Give the plans and procedures for developing, evaluating, and revising the standards for programs to attract and train teachers and teacher aides, as required by the Regulations, and for disseminating information concerning these standards.

REFERENCES	PLAN OUTLINE	EXPLANATION
	The _____ (Name of State educational agency) will take the following steps to assure that appropriate standards are developed (to include annual review, and revision if necessary) and made available to local educational agencies relative to training programs for prospective teachers and teacher aides:	These plans and procedures are to be used in developing and applying criteria for allocation of program funds, taking into account critical teacher needs. Therefore, they should establish qualitative and quantitative measures which will promote improved standards in personnel training and development. Procedures such as the following may be helpful: (1) Assessment by the State educational agency staff of the changes in existing quantitative and qualitative standards for programs to attract and train teachers and teacher aides made possible by this program.

REFERENCES	PLAN OUTLINE	EXPLANATION
		(2) Involvement by the State educational agency of personnel from local school districts and from institutions of higher education in the process of revising standards for pre-service and in-service training.
		(3) Consideration of the needs of local educational agencies for staff to develop and administer programs to attract and train teachers and teacher aides.
	Flexible and imaginative administration essential. In the final analysis the success of this program will depend on the willingness of Local Education Agencies to adjust their administration rules and regulations to facilitate training and the employment of trainees who	This may involve any or all of the following: (a) Use of part-time teachers. Frequently two part-time teachers can be given responsibility for one class, one taking the morning session, the

REFERENCES	PLAN OUTLINE	EXPLANATION
	have successfully completed the training program.	other the afternoon session. (b) Team teaching with a master teacher responsible for supervision of the team could be used. This is a sound method for making use of less qualified teachers with maximum learning opportunities and minimum risks. (c) Teacher trainees should receive stipends during the time they are taking full-time intensive short-term training (3 months). (d) Teachers supervising trainees should receive additional compensation for this extra and valuable service. (e) Teacher trainees and teacher aide trainees should be given some official document testifying to their successful completion of the training program.

REFERENCES	PLAN OUTLINE	EXPLANATION
		(f) Teacher trainees should be encouraged to participate in the professional activities of the regular teachers in the schools to which they are assigned. This includes staff meetings, teacher and professional meetings. Trainees should be given opportunities to see different school and classroom activities (extra-curricular and co-curricular), for meeting and conferring with guidance counselors, school social workers, psychologists, music directors, physical education teachers, health workers and maintenance staff.
		(g) Opportunities should be provided for teacher trainees and teacher aides to offer suggestions for improvement

REFERENCES	PLAN OUTLINE	EXPLANATION
		of programs. This will encourage trainee involvement and develop perceptivity.
		(h) Teacher trainees and teacher aide trainees once employed should be given the same rights and privileges offered regular staff.
		(i) The administration should be aware of possible teacher resistance to teacher aides and take steps to develop an accepting teacher attitude towards them and how to use them constructively.
		(j) Regular teachers should receive training in the use of teacher aides. This should include meetings limited to regular teachers and joint meetings with teacher aides.

REFERENCES	PLAN OUTLINE	EXPLANATION
		(k) The duration of in-service training programs (minimum and maximum period for teachers and teacher aides should be determined. Upon the successful completion of these programs the trainees should become regular employees of the school system and their salaries adjusted accordingly.
		(l) Maximum use should be made of college and university resources for inservice programs.
		(m) Establish a training process which will provide a career ladder for teacher aides interested in attaining professional teacher status.
Act: 520(a) Reg: ___(29)(3)	5.7 Evaluation and Dissemination 5.71 Provisions for the evaluation of local programs are as follows:	Describe the methods to be used to evaluate local programs to attract and train teachers and teacher aides. This paragraph should indicate the kinds of quantitative and qualitative data which will be gathered in appraising the

REFERENCES	PLAN OUTLINE	EXPLANATION
		effectiveness of the training resulting from this program, and how such data will be collected and reported. Methods used in obtaining such data should be selected on the basis of their potential validity and reliability.
	5.72 Dissemination of information concerning local programs will be accomplished in the following manner:	Explain provisions for communicating information about local program activities and results. In addition to dissemination activities carried out by the State educational agency as part of its regular functions, local school districts should be encouraged to inform the educational community and the public of significant innovations, creative approaches, or exemplary programs.

REFERENCES	PLAN OUTLINE	EXPLANATION
		The form and extent of information dissemination will depend upon particular aspects of each program, such as the scope and type of activities. Appropriate media might include publications, news media, news letters, visitations, conferences, and lectures. Suggested criteria for use in selecting content and media for disseminating information about particular programs include: clarity, validity, pervasiveness, impact, timeliness, and practicality.

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REFERENCES	PLAN OUTLINE	EXPLANATION
	SUBPART E - FISCAL PROCEDURES	
Sec. 519(a) & 570 Reg: ___(36)	6.1 Federal Payments to a State	(a) The Commissioner will determine the amount of each State's allotment in accordance with the provisions of Section 519 of the Act. ". . . allot to each State an amount which bears the same ratio to the total of such sums as the number of children enrolled in the public and private elementary and secondary schools of that State bears to the total number of children so enrolled in such schools in all the states." Payments will be made only after approval of the State plan meeting the requirements of Section 520(a). From the amounts allotted to each State under Section 519 the Commissioner shall pay to that State an amount equal to the amount expended by the State in carrying out its State plan. Such payments may be made in installments, and in advance or by way of reimbursement, with necessary adjustments on account of overpayments or underpayments.

REFERENCES	PLAN OUTLINE	EXPLANATION
Reg: 36(b)		(b) Federal funds will be paid to states in accordance with DHEW-OE Letter of Credit procedures. Neither the approval of the State plan, the issuance of a Letter-of-Credit, the approval of withdrawals thereunder, nor the making of any direct payments to the State shall be deemed to waive the right or duty of the Commissioner to withhold funds by reason of the failure of the State to observe any Federal requirements set out in the act or regulations related thereto or any other relevant Federal Act or Order, either before or after such administrative action respecting payment.
Reg: 40(d)	6.2 Allotment Availability	Federal allotments to a State under the Act are available with respect to eligible expenditures during the Federal fiscal year for which funds are allotted and as provided for in accordance with Section 40(d) of these regulations.

REFERENCES	PLAN OUTLINE	EXPLANATION
Sec: 519(b) Reg: (38)	6.3 Reallotments	(a) General. The amount of any State allotment under this part for any fiscal year which the Commissioner determines will not be required for such fiscal year shall be available for reallotment, from time to time, or such dates during such year as the Commissioner may fix, to other States in proportion to the original allotments to such States under this part for that year but with such proportionate amount for any of such other States being reduced to the extent it exceeds the sum the Commissioner estimates such State needs and will be able to use for such years and the total of such reductions shall be similarly reallotted amont the States whose proportionate amounts were not so reduced.
Sec. 520(a)		(b) Statements of Anticipated Need. In order to provide a basis for reallotment by the Commissioner under this part, each State agency administering a program under this part shall, if requested,

REFERENCES	PLAN OUTLINE	EXPLANATION
		submit to the Commissioner by such date or dates as he may specify, a statement or statements showing the anticipated need during the current fiscal year for the amount previously allotted, or any amount needed to be added thereto. Such further information as the Commissioner may request for the purpose of making reallotments shall be reflected in such statement. (Sec. 519(b))
Sec. 520(a) Reg: (39)	6.4 Custody and Expenditure of Funds	Each State plan shall designate the officer or officers who will receive and have custody of funds granted to the State under this part, who will pay to State and local educational agencies the amounts distributed to them, and who will pay the amounts expended by the State educational agency for the performance of its duties.

REFERENCES	PLAN OUTLINE	EXPLANATION
Reg: 40(a)	6.5 Use of Federal Funds and Liquidations of Obligations by State or Local Educational Agencies	(a) Federal funds made available under this part to State educational agencies for administration of the State plan will remain available for such use until the close of the current fiscal year. (b) For the purpose of this part a use of funds by a State or local educational agency will be determined on the basis of documentary evidence of binding commitments for the acquisition of goods or property, or for the performance of work. However, the use of funds for personal services, for services performed by public utilities, for travel, and for the rental of equipment and facilities shall be determined respectively on the basis of the time such services were rendered, such travel was performed, and such rented equipment and facilities were used. (c) Federal funds under this part shall not be available for use with respect to binding commitments prior to the effective date of the State plan.

REFERENCES	PLAN OUTLINE	EXPLANATION
		(d) Federal funds granted to a State under this part shall remain available until August 31 following the fiscal year in which such amounts were allotted to the State, for programs and projects approved at the State level prior to July 1st. The August 31st date for terminating local expenditures is to facilitate the completion of summer projects. Funds obligated prior to August 31 also may be spent after that date; however, the State must show cause if such obligations are not carried out. If for example funds had been obligated for the purchase of equipment and the order was cancelled, the funds so obligated would revert to the U.S.O.E.
Reg: 40(e)		(e) States may utilize Federal funds from appropriations for two fiscal years to support a single project if discrete portions of the project are earmarked to be funded from allotments (resource)

REFERENCES	PLAN OUTLINE	EXPLANATION
		for specific years. However, the intention to use funds in this manner must be set out in advance. All personal services must end on August 31.
		(f) Obligations entered into by State and local educational agencies and payable out of funds under this part of the Act shall be liquidated no later than the end of the fiscal year following the fiscal year in which such funds are made available for use by such agencies unless prior to the end of that following fiscal year the State educational agency reports to the Commissioner the reasons why such obligations cannot be timely liquidated and, on the basis thereof, the Commissioner extends the time for so liquidating obligations. (20 U.S.C.200)
Sec: 520(a) Reg: (41)	6.6 Proration of Costs	Funds made available under this part shall be used only with respect to that portion of any expenditure

REFERENCES	PLAN OUTLINE	EXPLANATION
		which is attributable to an activity under the State plan. The State plan shall specify the basis for identifying and the method to be used in prorating total expenditures to determine those attributable solely to State plan activities. The State agency shall include in the description of its projected program submitted to the Commissioner for each fiscal year its prorated expenditures for salaries attributable to State plan activities. The State agency must also maintain records (documented on an after-the-fact basis) to substantiate the proration of expenditures with respect to applicable items such as salaries, travel, rent, and equipment. (Sec.520(a))
Reg: 42(a)	6.7 Retention of Records	(a) General Rule. Each State and local educational agency receiving funds under this part shall provide for keeping accessible and intact all records supporting claims for Federal funds under this part or relating to accountability for the expenditure of such funds:

REFERENCES	PLAN OUTLINE	EXPLANATION
		(1) for five years after the close of the fiscal year in which the expenditure was made or; (2) until the State educational agency is notified that such records are not needed for administrative review whichever is later.
		(b) Questioned Expenditures. The records involved in any claim or expenditure which has been questioned at the time of audit shall be maintained until necessary adjustments have been made and such adjustments have been reviewed and approved by the Department of Health, Education and Welfare.
Sec: 520(a) Reg: 42(d)		(c) Inventories of Equipment. Each State and local educational agency shall maintain inventories of all equipment acquired by it with funds under this part and costing $100 or more per unit for the expected useful life of the equipment or until it is disposed of. The State agency is responsible for having available in the State

REFERENCES	PLAN OUTLINE	EXPLANATION
		agency's office information sufficient for a determination of whether such equipment continues to be used for a purpose provided for under the Act.
		(d) All proceeds from the sale of property being inventoried pursuant to the provisions of this section, and the net proceeds from the rental of such property, shall be credited to the Federal Government.
Reg: (43)	6.8 Adjustments	The State agency in its maintenance of program expenditures, accounts, records, and reports shall make promptly any necessary adjustments in its records to reflect refunds, credits, underpayments, or overpayments, as well as any adjustments resulting from Federal or State administrative reviews and audits. Such adjustments shall be set forth in the State agency's financial reports filed with the Commissioner.

REFERENCES	PLAN OUTLINE	EXPLANATION
Reg: (44)	6.9 Interest on Federal Funds	In the event that any interest is earned on Federal funds, such interest earnings shall be refunded to the U.S. Office of Education. The State agency shall submit as a part of each annual financial report a statement showing the amount of interest earned on Federal funds by the State and participating agencies during that fiscal year.
Sec: 520(a) Reg: (45)	6.10 Financial Reports	Each State agency shall submit, in accordance with procedures established by the Commissioner: (a) Following the end of the fiscal year, a report of the total expenditures made under the plan during the fiscal year; and (b) Such other reports as are periodically needed to account properly for funds. (Sec. 520(a))

REFERENCES	PLAN OUTLINE	EXPLANATION
Sec: 520(a) Reg: (46)	6.11 State Fiscal Control and Audit	(a) Each State plan shall provide that the State educational agency will, for that agency and local educational agencies, provide for such fiscal control and fund accounting procedures as may be necessary for the proper disbursement of funds paid to the State, and by the State to local educational agencies, under this part.
Reg: (46)(b)		(b) Audit agencies representing the Department will audit the program records available at the State agency to determine whether the Federal program funds have been properly accounted for and administered. Audit reports of the participating agencies and State review and other control procedures will be evaluated to determine the adequacy of information upon which to base the audit findings. Only where the available information is deemed to be inadequate will the auditor arrange, through the State agency, to audit the records of the participating agencies.

REFERENCES	PLAN OUTLINE	EXPLANATION
		(c) All expenditures by local educational agencies of Federal funds granted under this part shall be audited either by State auditors or by other licensed or C.P.A. auditors. The State educational agency shall, with due regard for Federal auditing requirements, provide for appropriate audit standards for that purpose. The results of such audits shall be used to substantiate State agency records and shall be made available to Federal auditors. Federal auditors shall be given access to such records or other documents as may be necessary to substantiate the results of such audits. (Sec. 520(a))
Reg: (47)(a)	6.12 Copyrights and Patents	(a) Any material of a copyrightable nature produced through a project with financial assistance under this part shall be subject to such copyright policy of the U.S. Office of Education as is in effect at the time.

REFERENCES	PLAN OUTLINE	EXPLANATION
		(b) Any material of a patentable nature produced through financial assistance under this part shall be subject to the provisions of 45 CFR Parts 6 and 8. (BoB letter dated December 3, 1964 to Register of Copyrights and 28 F.R. 10943, October 12, 1963)

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G U I D E L I N E S

THE PREPARATION OF

PROPOSALS

FOR

EDUCATIONAL PERSONNEL DEVELOPMENT GRANTS

1968, 1969, 1970

(Parts C and D, Education Professions Development Act of 1967)

Application Deadline:

June 1, 1968

U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION
BUREAU OF EDUCATIONAL PERSONNEL DEVELOPMENT
DIVISION OF PROGRAM ADMINISTRATION
Washington, D.C. 20202

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Title VI of the Civil Rights Act of 1964 states that, "No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program of activity receiving Federal financial assistance." Therefore, the Educational Personnel Development program, like every program or activity receiving financial assistance from the Department of Health, Education, and Welfare, must be operated in compliance with this law.

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EDUCATIONAL PERSONNEL DEVELOPMENT GRANTS

AUTHORIZATION AND PURPOSE

Grants for the development of elementary and secondary educational personnel are authorized under Parts C and D of the Education Professions Development Act (P.L. 90-35, Amendment to Title V, Higher Education Act of 1965). Those parts modify and extend Part C of the Higher Education Act of 1965 (Fellowships for Teachers), and replace the National Defense Education Act, Titles V(b) (Counseling and Guidance Training Institutes) and XI (Teacher Training Institutes) as well as the National Foundation on the Arts and the Humanities Act of 1965, Section 13 (Teacher Training Institutes).

Part C authorizes fellowships "for graduate study leading to an advanced degree for persons who are pursuing or plan to pursue a career in elementary and secondary education or post-secondary vocational education." It also authorizes grants to institutions of higher education to develop and strengthen graduate programs for training educational personnel.

Part D authorizes grants for improving "the qualifications of persons who are serving or preparing to serve in educational programs in elementary and secondary schools (including pre-school and adult and vocational programs) or post-secondary vocational schools or to supervise or train persons so serving."

The purpose of these grants is central to the Act--"to improve the quality of teaching and to help meet critical shortages of adequately trained educational personnel." In Parts C and D, the Act reflects those purposes

by increasing program funding authorizations, broadening eligibilities, and increasing flexibility so that colleges and universities, States, and local educational agencies can design projects tailored to meet national, regional, State and local qualitative and quantitative needs for educational personnel.

PROJECT TIMING

Project proposals for Educational Personnel Development Grants will be accepted if postmarked no later than June 1, 1968.

Announcement of awards will be made on October 1, 1968, or as soon thereafter as funds are available.

Projects may be supported by these grants after awards have been announced. Normally, projects may be expected to occur during the second half of the 1968-69 academic year, during the summer of 1969, and during the full 1969-70 academic year.

Annual grant application deadlines will continue to be set in the spring of each year.

SUBMISSION OF PROPOSALS

Ten copies of project proposals, only one of which need be signed, should be submitted directly to:

Division of Program Administration
Bureau of Educational Personnel Development
U.S. Office of Education
7th and D Streets, SW.
Washington, D.C. 20202

PROJECT DEVELOPMENT

These guidelines will encourage colleges and universities, State departments of education, and local educational agencies:

1. To identify those priority needs for improving quality and increasing quantity of educational personnel to which they wish to address themselves. In doing this they may wish to be guided by the national needs identified in the section on criteria. Or they may wish to attend to other national, regional, State or local needs for which they can assemble convincing evidence.
2. To assemble the institutional resources necessary to meet the needs. For example, to bring other appropriate departments or other elements within a university into the project, or to form combinations of resources between and among colleges and universities, State agencies and/or local educational agencies. Such combinations should only be constructed, however, when each of the participants has a substantial and meaningful contribution to make to the project.
3. To concentrate their resources so as to make substantial progress towards meeting the needs which have been identified.
4. To develop thorough proposals which meet all or part of the needs.
5. To make an application for one of the three types of Educational Personnel Development Grants available--planning, pilot, or operating. (These grants are based upon authorizations under Parts C and D of the Education Professions Development Act.)

INITIAL PROPOSALS

The development and submission of initial project proposals is a basic condition of eligibility for Educational Personnel Development Grants. These proposals will basically contain a complete exposition of project goals, the educational priorities attached to those goals, and the ability of the applicant to meet them. They will cover the entire term of the project, whether that be one or several years. And they will cover both the pilot and the operating stages. It should be noted that applicants may, under some conditions, omit the pilot stage in their initial proposals (see "Nature of Grants").

All proposals should observe the conditions suggested in the section of these guidelines on criteria.

Once such initial proposals have been submitted and approved, subsequent applications submitted will consist primarily of updating those proposals and extending them as necessary. These updatings will reflect program experience and evaluations, and the continued commitment of key personnel to the project. They must include independent evaluations.

The elements of the initial proposals are described in the section on "Preparation of Proposals."

NATURE OF GRANTS

Educational Personnel Development Grants will be made for three sequential stages of projects: Planning, Pilot, and Operating. Normally, educational institutions and agencies will submit initial proposals for the second or third stage; however, evidence will be required of satisfactory performance of the preceding stages. For example, an applicant may submit a project proposal for an operating grant for installing a training program throughout a school district. However, the proposal should show that a thorough planning job has been done, including needs assessment, and that similar programs have been effective elsewhere, or that the district has carried out a successful pilot project.

Special Planning: These grants are available primarily to assist those institutions and agencies that have in the past been excluded from participation in Federal programs because they lacked the resources for the development of viable proposals. When funds from other sources are not available for the development of initial proposals, the Office of Education may make available small grants, generally below $10,000, to assist in project preparation. Funds under these grants may contribute to the needs assessment process, to the planning of the project, to assembly of the institutions and agencies that will be involved in the project, and to the writing of the proposal document.

The application for such a grant should specify the general area of educational need being addressed, the reasons behind the interest in that area, and the general shape of the program that might result from the planning process. It should specify the size of the planning grant request and detail the uses of those funds. The length of time anticipated

for the proposal preparation process should also be noted. A certification by a responsible official of the applicant institution or agency that funds for this planning process are not available otherwise, should be included.

Pilot Projects*: An essential element in each program for the development of educational personnel is a reasonable period of small scale trial before installation. This applies particularly to innovative programs for which there is little or no evidence of effectiveness or efficiency in meeting educational personnel needs.

For example, the training associated with the design and installation of new curriculums for disadvantaged elementary school pupils might be tested in two or three schools, within a large city system, that represent the different circumstances pertaining in schools primarily attended by the disadvantaged within that system. Or different approaches to the development of meaningful educational experiences for those pupils might be tested in three similar schools.

Operating Projects: The installation and operation of training programs that have moved through the planning and pilot stages, either under support from this Act or from other sources, will be supported in this type of project.

These grants will cover the costs of installing on a wide scale, throughout a school system, or into the regular curriculum of a college or university,

* If sufficient valid evidence of the effectiveness of the approaches proposed in the plan exists, then there need be no pilot phase in the program, and immediate application may be made for an operating grant. This evidence, and its relationship to the circumstances in which the proposed program will be implemented, should be detailed in the initial proposal submitted as a part of the application.

and operating those programs that have been tried successfully in the pilot stage. The funds might cover, for example, the installation of a program for jointly training teachers and teacher aides. Or they might cover the training of personnel to operate a system-wide network of pre-school classes. Or they might cover the retraining of the faculty of a school of education in connection with a restructuring of the school to accommodate newer and more socially relevant curriculums.

Many applicants may capitalize on the results of pilot projects conducted elsewhere, and request funds initially for operating grants.

Continued funding of operating projects will be contingent on satisfactory annual evaluations (see section on "Evaluation"), and the contribution of the projects to meeting needs that continue to be of high priority.

The planned assumption of funding responsibility for these projects by sources other than the Education Professions Development Act will be encouraged. In cases in which the needs being addressed are of a critical nature, and there is little possibility for other sources of funding, continued support under EPDA funds will be possible.

Special Grants: A small percentage of funds available under this program will be reserved to support special grants. Project proposals may be submitted for these grants without regard for the deadlines or other conditions of these guidelines. Awards will be negotiated individually with the applicants.

The purpose of these grants is to permit the funding of projects of outstanding merit that do not conform with the timing or substance suggested in these guidelines.

INDEPENDENT EVALUATION

All applicants for Educational Personnel Development Grants should make provision in their proposals for support of annual independent evaluation of their projects. Reports of these evaluations will be an essential element in the consideration of continuation of project funding each year. They will be particularly critical in the decision to move a project from the pilot to the operating stage. Arrangements for the evaluations that will be submitted as part of annual project renewal applications should be made with institutions, organizations, or agencies that have no direct interest in the subject project.

Aside from the annual independent evaluation, continual evaluation of projects by their directors or other internal staff is, of course, an essential part of project management.

Annual independent evaluations should be addressed to two general points:

1. An assessment of the priority of the educational need(s) to which the project is directed.
2. An assessment of the effectiveness and efficiency of the project in meeting the need(s).

ASSISTANCE

Some applicants may feel the need for assistance in the development and administration of their projects. The Office of Education hopes to have consultants available for this purpose in the future; however, during fiscal year 1969 only limited assistance of this type will be available. Applicants are encouraged, however, to make arrangements with other institutions, organizations or agencies for this type of continuing consultative assistance, and to reflect these arrangements in their initial project proposals. Provision for such assistance may also be made in applications for special planning grants.

DISSEMINATION

Project proposals for the pilot stage should include provision for widespread dissemination of project descriptions, progress reports, and evaluations. One of the primary purposes for supporting the pilot stage is to allow other similarly situated agencies and institutions to capitalize on the results of those projects in the development of their own plans. The Office of Education will assist in the dissemination process by making this material available widely through its Educational Resources Information Center. However, applicants should also arrange for dissemination through professional associations, regional and State agencies, and other appropriate organizations, media and means. These may include visitation programs. Support is possible under this program for such dissemination efforts.

ELIGIBILITY

Project Substance: In terms of curriculum areas and educational fields eligible for support, the Act offers wide flexibility. All curriculum areas are eligible for support, except training for religious vocations. All fields of elementary and secondary education are eligible, including preschool, adult and vocational programs. Post-secondary vocational education is also elgible. Generally speaking, projects for training all educational personnel, including administrators, teacher aides, trainers of teachers, and other specialized personnel, directly related to elementary, secondary, and post-secondary vocational school programs are eligible for support.

Projects under these grants may include preservice and inservice, short-term, long-term and/or part-time training. They may include degree or non-degree training. They may be carried out at any academic level; however, support is not available for regular undergraduate training programs.

Projects may include graduate fellowships directed to all graduate degrees granted by institutions of higher education. They may also include funds for the development and strengthening of high quality advanced degree training programs for educational personnel.

Institutions and Agencies:

Colleges and Universities may apply for Educational Personnel Development Grants provided they have filed with the U.S. Department of Health, Education, and Welfare a statement of compliance with the provisions of Title VI of the Civil Rights Act of 1964.

Colleges and universities applying for continuation of fellowship and/or institute programs started under legislation absorbed in the Education Professions Development Act should apply for an operating stage grant. The Office of Education will maintain its interest, in terms of funding fellowships and institutes, in the subject areas covered in the previous legislation. The continuation of individual fellowship and/or institute projects in future years will depend upon the evaluations submitted as a part of the annual applications.

Colleges and universities may also apply for Educational Personnel Development Grants to develop and strengthen graduate programs for persons intending to pursue, or pursuing, careers in elementary and secondary education. Such grants may be made in anticipation of, as well as accompanying, the award of graduate fellowships for educational personnel as a part, or the whole, of an Educational Personnel Development Grant.

State educational agencies may apply for Educational Personnel Development Grants provided they have filed with the U.S. Department of Health, Education, and Welfare a completed and signed copy of form HEW-441 (Title VI, Civil Rights Act of 1964). It should be noted that projects eligible for support are limited to, "projects to improve the qualifications of persons who are serving or preparing to serve in educational programs in elementary and secondary schools (including preschool and adult and vocational programs) or post-secondary vocational schools or to supervise or train persons so serving." Therefore, training and retraining support for personnel attached to the State educational agency is limited to persons who are directly supervising or training personnel serving or preparing to serve in school programs.

Local educational agencies are eligible to apply for Educational Personnel Development Grants provided they have filed with the U.S. Department of Health, Education, and Welfare a completed and signed copy of form HEW-441. Applications from local agencies should include a certification from the State educational agency administering the State grant program under Part B2 of the Education Professions Development Act that the LEA project will be coordinated with programs under Part B2, for attracting and qualifying teachers to meet critical teacher shortages. The term "coordination" means that the local project should be consistent with programs undertaken under the State grant program, and that where possible, such programs complement each other. If such certification is not included, the reasons for its absence should be fully stated. Certain conditions, set forth in the section on criteria in these guidelines, will be important in funding decisions for projects submitted by local educational agencies.

Consortia of the institutions and agencies mentioned above are encouraged, when each organization will make a substantial and meaningful contribution to the project. However, one of the institutions or agencies must act as responsible fiscal agent, and submit the project proposal for the entire group.

EXAMPLES OF PROJECT AREAS

Projects may be conducted in the following areas. This listing is exemplary only, and not meant to restrict the applicant.

(1) Projects to train or retrain teachers or supervisors or trainers of teachers;

(2) Projects to train or retrain other educational personnel in such fields as guidance and counseling (including occupational counseling), school social work, child psychology, remedial speech and reading, child development, and educational media (including educational or instructional television or radio);

(3) Projects to train teacher aides and other non-professional educational personne;

(4) Projects to provide training and preparation of persons participating in educational programs for children of pre-school age;

(5) Projects to prepare teachers and other educational personnel to meet the special needs of the socially, culturally, and economically disadvantaged;

(6) Projects to prepare teachers and other educational personnel to meet the special needs of exceptionally gifted students;

(7) Projects to train or retrain persons engaging in programs of special education for the handicapped;

(8) Projects to provide inservice and other training and preparation for school administrators;

(9) Projects to prepare artists, craftsmen, scientists, artisans, or persons from other professions or vocations, or homemakers to teach or otherwise assist in programs or projects of education on a long-term, short-term, or part-time basis.

(10) Projects to prepare the staffs of schools for the assumption of new roles as a part of restructuring those schools to make them more attractive in terms of employment to able persons.

CRITERIA

The following criteria will be used in the evaluation of project proposals for Educational Personnel Development Grants:

1. Whether or not the educational personnel need(s) being addressed by the proposal is of high priority. The following National priorities are suggested(these are not listed in priority ranking):

   (a) Projects directed to the needs of education of the disadvantaged. About one-third of available funds will be allocated for this purpose.

   (b) Projects directed to particularly acute training and retraining needs in the education professions. Allocations for each will fall between five and ten percent, and will overlap with the priority for the disadvantaged.

      1. School administrators
      2. Trainers of teacher trainers
      3. Auxiliary school personnel
      4. Personnel for preschool programs.

   (c) Projects directed to high quality training and retraining of teachers and other educational personnel in subjects and fields that are in critically short supply. Project proposals in this category should include clear evidence of short supply. Preference will be given to projects directed to National shortages. Special consideration will be given to projects in vocational education and education of the handicapped.

Project proposals directed to other National, regional, State and/or local needs for educational personnel will also be funded. In these cases, convincing evidence of the high priority of the need being addressed should be furnished as a part of the initial proposal. Preferably, such evidence should have been developed by an impartial source. Assessments of need made by State departments of education and other authoritative professional and/or governmental bodies will be well regarded.

2. Whether or not the proposed project is likely to make substantial progress toward meeting the need(s).

3. The potential impact of the project. Projects that will have a large potential impact in terms of the number of persons directly or indirectly affected, and/or in terms of the magnitude of the improvement of educational personnel will be rated above those with only limited impact. Also, projects that would potentially have similar applications in a large number of school districts or institutions will be rated above those that are relatively unique.

4. Whether or not the project attempts to improve on past practice through new and innovative approaches. The Office of Education will encourage a diversity of approaches among innovative projects, rather than encouraging adherence to any one or more models.

5. The type of resources, institutions of higher education, departments within institutions, State agencies, local educational agencies or other organizations brought to bear in the project on the educational personnel need(s). Combinations of resources are encouraged when each element has a substantial and meaningful contribution to make. Such combinations should allow the project clearly to make more progress toward meeting the need(s) than could one applicant alone.

6. The combinations of utilizations that are made with other Federal, State, local or private programs. Within the Education Professions Development Act, useful combinations can be made with the State grant program (Part B2), with the small project grant and contract program for attracting qualified persons to the field of education (Section 504), and with the program for training higher education personnel (Part E). Useful combinations may also be made with graduate fellowship programs authorized under Title IV of the NDEA, activities carried out under Titles I and III of the Elementary and Secondary Education Act, aid for disadvantaged students and supplementary and innovative projects, and with the programs of other Federal agencies, private foundations, and State and local governments. The cumulative effect of these combinations on large educational problems will be an important factor in evaluating projects.
7. The extent to which the projects capitalize on combinations of the substance and method of education. The involvement of the academic disciplines in the training and retraining of educational personnel is basic in considering the quality of project proposals.
8. The extent to which the strengthening of training institutions and agencies will result from the project.
9. The extent to which work experience in teaching, administration, and other educational tasks is integrated into training and retraining programs.
10. The adequacy of the arrangements for providing independent evaluation and assistance for the project.
11. The adequacy of dissemination arrangements.
12. The adequacy of project direction and staffing.

Local Educational Agencies

Projects from local educational agencies will be reviewed with particular attention to the magnitude of the needs addressed, the potential general application of the projects, the combinations of resources arranged, particularly with colleges and universities and other local educational agencies with similar needs, and arrangements for consultative assistance. Also important will be evidence that the State educational agencies have consulted with the local educational agencies in the development of the projects and that the needs being addressed are consistent with State-wide evaluations that may have been conducted under the auspices of that agency, and that the State agency concurs in statements of need made in the project applications.

The State educational agency certification in the project proposal of coordination with the State grant program under Part B2 of the Education Professions Development Act should, whenever possible, be a part of the application as described in the section of these guidelines dealing with eligibility.

Renewal of Fellowship and Institute Programs

Proposals submitted for renewal of prospective and experienced graduate fellowship programs, for the institutional grants associated with those programs, and for institute programs, should be regarded as applications for operating stage grants. While all of the criteria mentioned above will apply to the review of the proposals, the most important factor will be the provision in the proposal for adequate independent evaluation for the project. The funding of subsequent proposals will depend in large part on these evaluations.

PREPARATION OF PROPOSALS

Initial proposals should contain the following elements:

1. A cover sheet containing:

   a. Type of grant requested, i.e., special planning, pilot, operating, special.

   b. Name and address of applicant institution or agency.

   c. Name, title, address, and telephone number of proposed director.

   d. Total duration of project.

   e. A one paragraph summary of the purpose of the project.

   f. Funds requested in the initial year.

   g. A certification that an Assurance of Compliance with Title VI of the Civil Rights Act of 1964 that has been filed with the Department of Health, Education, and Welfare applies to the project.

   h. Signatures of the proposed project director and other officials authorized to commit institutional or agency resources.

2. An abstract of the proposal containing:

   a. Type of grant requested.

   b. Agency or institution.

   c. Name of Director.

   d. Total duration of project.

   e. Funds requested in initial year.

   f. A short statement of:

      (1) The educational need(s) being addressed.

      (2) The goals of the project.

      (3) The institutions, departments, agencies, etc., if any that will join in the project.

      (4) Other financial support programs that may contribute to the project.

      (5) A short narrative description of the project, including innovations that will be attempted.

   This abstract will be used in the program evaluation information system.

3. The body of proposal, including:

   a. A statement of the educational personnel development need(s) being addressed. Such need(s) should be fully supported. Evidence may be appended to the body of the proposal.

   b. A statement of the objectives of the project in relation to the need(s).

   c. A setting forth of the project organization, content, and schedule, covering the entire time span anticipated, and covering, to the extent possible, both pilot and operating stages. Included in this part should be a description of other agencies, institutions, departments or other organizations that will combine in the project, and a demonstration of the way these units will combine to do more than the applicant could alone. Also included should be a description of other sources of financial support, including other Federal programs, and how they will be combined in the project to meet the objectives. The academic disciplines and fields in which the training will be based should be fully described. Also included should be a description of arrangements for assumption of the Federal portion of funding by other sources during the operating stage. If this transfer of funding is not possible, a full statement of the reasons should be made.

   d. A statement of the qualitative and quantitative impact of the project. The numbers of persons directly and indirectly affected by the project and the improvements in quality expected should be described.

   e. A statement of the way in which the institution or agency will be improved as a result of the project.

   f. A statement of elements of the proposal that are regarded as relatively unique, or as significant improvements on past practice.

   g. A description of the work experience in actual educational tasks involved in the training project. If none is anticipated, the reason for its omission should be stated.

   h. Statements of the arrangements made for evaluation, assistance, and dissemination.

   i. Short resumes of the qualifications of key management and staff personnel, and a description of other resources and facilities available to the project.

   j. Selection procedures for participants in the project should be fully described.

4. A financial plan, including the costs of the initial year in detail, and the estimated costs of the project over its entire life, insofar as Educational Personnel Development Grants might be involved. Such a

plan should set forth both the financial needs and the resources, including the Educational Personnel Development Grants, proposed to be applied to those needs. Support under those grants will be limited to those eligible costs described in the guideline section, "Fiscal Policies and Procedures."

5. Local Educational Agency proposals should contain, in addition to the above-mentioned information, a description of the role of the State Educational Agency in planning and developing the project. Endorsement by that agency of the high priority nature of the need(s) addressed by the project is not required, but will be considered valuable evidence. Particularly valuable will be the inclusion of State-wide need assessments made by that agency. State certifications of coordination with Part B2 programs should be included wherever possible (see page 14).

Annual Renewal Proposals include proposals for moving from the pilot to the operating stage. They should contain the following elements:

1. A cover sheet identical to that of the initial proposal, but with the notation "renewal" accompanying the type of grant requested, and the funds requested for the subsequent rather than the initial year.
2. An abstract identical in form to that of the initial proposal. Any change in the substance of the project should, of course, be reflected in the abstract and underlined.
3. The body of the proposal need only include the changes from the initial proposal in each of the categories listed.
4. The financial plan should be updated to reflect the detail of the funding request for the next year, and extended, if necessary.
5. An evaluation of the project, performed by an independent body, is a critical element in the renewal proposal.

Special Planning Grant Applications may take the form of a letter signed by a responsible official of the applicant agency or institution. The letter should contain the following elements:

1. The area of need being addressed.
2. The reasons for the interest in meeting those need(s).
3. The general goals of the project.
4. The general shape of the program that might result from the planning process.
5. The amount of the planning grant requested. This will usually be below $10,000.
6. A detailed description of the uses of those funds including the consultative assistance that may be sought.
7. The time span of the planning effort.
8. A certification that an Assurance of Compliance with Title VI of the Civil Rights Act of 1964 that has been filed with the Department of Health, Education, and Welfare applies to this project.
9. A certification by a responsible financial official other than the one signing the letter that funds for the planning process are not available from other sources.
10. In the case of a local educational agency, a certification of the appropriate State educational agency official that the planning will be coordinated with activities under the State grant program authorized by Part B2 of the Education Professions Development Act.

Application for Renewal of Fellowship or Institute Programs

Applications for renewal of prospective and experienced graduate fellowship programs presently being supported under programs that are absorbed in the Education Professions Development Act and for institutional grants associated

with them, and for continuation of institute programs, should follow the format of the Initial Proposal described above. While all of the elements of the proposal will be considered in making funding decisions, greatest emphasis will be given to the arrangements for independent evaluation, and relatively less emphasis will be given to the other elements.

The Office of Education will continue the predecessor programs at least at their present levels, however, individual projects will be subject to the annual application, review, and approval procedures, described in these guidelines, with greatest emphasis on arrangements described in the proposals for independent annual evaluations.

FISCAL POLICIES AND PROCEDURES

The general policies and procedures which the Office of Education will follow in determining the amounts to be paid under the Educational Personnel Development Grants are described in the following pages. Grant award documents will be used to support all programs.

Policy

The financial plan may include those costs which are clearly attributable to the operation of the program for which a grant will be awarded. The extent of participation in the financing of any project is properly the subject of negotiation between the Contracting Officer of the Office of Education and the educational institution or agency concerned, consistent with the principles set forth herein, the Federal Procurement Regulations, and the applicable statutes.

General Requirements

The administration of funds is the responsibility of the participating institution or agency which should designate the chief financial officer (Business Officer, Comptroller, Bursar, etc.) as the contracting official responsibile for receiving, disbursing, accounting for, andreporting all funds. Whenever it is ascertained that the proposal, on the basis of which a grant is executed, contains a material misrepresentation by, or on behalf of, an institution; or whenever an institution does not, after a reasonable opportunity, correct a substantial failure to comply with the conditions of the agreement, such institution shall return to the Office of Education immediately all funds not actually expended or committed at the time such funds are requested.

In the event that any part of the funds paid an institution is found to have been expended for purposes, or by methods, contrary to the conditions of the agreement, the institution or agency concerned, in addition to any other requirements, shall restore an equal amount to the Office of Education.

The institutions and agencies shall maintain accounts and records which will show all costs incurred. It is not intended that the applications of these policies and procedures should require any significant changes in accounting practices so long as such practices are in accordance with generally accepted and established accounting principles. However, the institution or agency must maintain records in such a manner that funds received under this program may be readily identifiable.

The institution or agency shall make available to representatives of the General Accounting Office and the Office of Education for inspection all accounts, records, documents, and other evidence bearing on the receipt and expenditure of funds received under the grant, at all reasonable times until the expiration of three years after final payment, or until audited by representatives of the Department of Health, Education, and Welfare, whichever is later.

Cost-Reimbursement Conditions

Awards will be made on a cost-reimbursement basis, and any funds paid to an institution which remain unused or unexpended at the conclusion of the contract shall be returned to the Office of Education. Hence, although the financial plan is always an estimation made in advance, in order to avoid committing funds unnecessarily and thus depriving the program of their use, it is important that all items in the financial plan be computed as precisely as possible.

Direct Costs

The Office of Education will consider as direct costs those administrative and instructional salaries and other expenses which are specifically identifiable and required for the program's successful operation.

1. Compensation for personal services--This item includes salaries, wages, and honorariums directly attributable to the project, including those for the director, associate, or other director, or administrative assistant, instructional staff, consultants, laboratory and other assistants, special lecturers, secretarial and clerical personnel. Compensation should be charged at the rates paid by the institution. The institution shall maintain quarterly time and effort reports for services rendered by all professional staff included under this project.

   If a staff member is involved simultaneously in two or more projects supported by funds from the Federal Government, he may not be compensated for more than a total of "100 percent time" from such Government funds for all projects during any given period of time. Any situation of this kind should be duly noted in the budget.

2. Travel--In accordance with the established policy of the institution or agency, travel may be paid to visiting instructional personnel from their place of residence or employment to the institute and return, as well as to staff members when necessary for the effective planning and conduct of the project. Such travel costs may not exceed round-trip air fare for less than first-class accommodations on prop or jet aircraft, provided such accommodations are available and convenient; otherwise, first-class travel may be authorized. Per diem is not ordinarly allowed; and no travel allowance can be made for dependents.

3. Fees and tuition--Participants supported by the Federal Government may not be charged tuition or other fees in lieu of tuition. (If tuition costs are mandatory by State law, the amount may be charged against the total operational costs and adjusted as an internal bookkeeping operation within the host institution's accounts. In any case, no additional funds will be allotted by the Federal Government for such charges.)

There may be allowed as a cost of the program amounts equal to customary fees in lieu of determining the actual cost of providing the services covered by such fees; for example, a health fee. Such items would include fees other than tuition, required from students of the same or similar standing as federally supported participants. Fees and deposits of an optional nature may be collected from those who choose to pay such fees or deposits.

4. Equipment, supplies and materials--This item includes the cost of required equipment, reference books, instructional supplies and materials, and office supplies and materials used or expended in connection with the project.

Participants are expected to purchase their own texts. But, if necessary, a project may purchase other books and other materials which are required if they are not otherwise available in adequate numbers, and if their cost would prove an excessive burden on participants. Purchase of additional books at the rate of one for each four participants would be an allowable cost. In addition, instructional materials which are not otherwise available, e.g., experimental curriculum materials which have not yet been published commercially may be purchased for the use of all

participants. Such materials must be used by the participants, or used for demonstration purposes, in the program. A financial note should support such expenses.

5 Other direct costs--Listed below are examples of items which may be considered as direct costs to the extent that they are consistently treated by the college or university as a direct rather than an indirect cost.

a. Employee services and benefits: Costs of employee services and benefits such as insurance, pension payments, and social security, which are normally provided by the institution or agency to its employees are allowable for the personnel for whom salaries and wages are included under item 1 above. (If such services and benefits are normally included with salaries and wages, the costs may also be included.)

b. Communications, including cost of telephone, telegrams, and postage which are directly attributable to and necessary for the implementation and conduct of the project.

c. Reproduction, including the cost of brochures and other items which are specifically required.

d. Transportation costs, including freight, express, cartage, and parcel post, relating either to goods purchases, in process, or delivered.

e. Rental of equipment. The rental charges for equipment necessary for, and actually used in connection with, the program may be allowed.

Indirect Costs

Indirect costs will be computed on the basis of 8 percent of direct costs, including stipends and dependency allowances, not subject to audit.

Entertainment

No amount may be budgeted for social activities, coffee hours, and the like. Federal funds may never be used for entertainment of any kind even though coffee sessions, picnics, a final dinner, and other similar activities contribute greatly to the success of a program.

Stipends

Educational personnel attending projects of a short-term of part-time duration are eligible to receive, upon application, $75 a week and $15 per dependent.

Educational personnel attending projects of long-term duration are eligible to receive, upon application, $4000 plus $600 for each dependent each academic year and $800 plus $120 for each dependent for summer programs.

School administrators attending fellowship programs are eligible to receive, upon application, a stipend calculated at 75 percent of their base salary but not to exceed $18,750 per year and when supplemented by dependency allowances, not to exceed the administrator's normal annual salary.

Trainers of teachers who are post-doctoral fellows attending fellowship programs are eligible to receive, upon application, a stipend equal to the level of their base salary plus fringe benefits at the time of their acceptance into the program.

Exceptions may be made by the Commissioner if deemed necessary to the success of specific programs. Normally, participants, attending short-term projects, who are able to continue to reside at home, and who will continue to receive their normal salary during the period of training, will not be eligible for stipends. Expenses for participant travel will not be allowed unless deemed necessary to the success of specific programs.

Institutional Support for Projects that Include Fellowships Leading to Advanced Degrees

Institutions administering projects that include fellowships leading to advanced degrees shall receive $2,500 per fellow per academic year and $600 per fellow per summer sessions. Other costs attributable to these fellows will not be allowed under the Educational Personnel Development Grants.

ADMINISTRATIVE POLICIES AND PROCEDURES

Release of Materials to the Public Domain

The term "materials" as used herein means writings, sound recordings, film and other pictorial reproductions, drawings or other graphical representations, computer programs, and work of any similar nature produced or specified to be delivered under this Grant.

Such materials will be placed in the public domain as expeditiously as possible. The Grantee agrees not to establish any claim to statutory copyright or to assert any right at common law or equity in the materials. This paragraph is not in any way to be construed as restricting the rights of the Grantee or its employees to use and/or publish the results of its work.

Acknowledgment of Federal Support

The Grantee shall provide the U.S. Office of Education with twenty-five (25) reprints of any article published resulting from the project prior to the conclusion of the grant. Any articles or other publications resulting from or primarily related to the work of the project shall contain the following acknowledgment:

> The project reported herein was supported by a grant from the U.S. Department of Health, Education, and Welfare, Office of Education.

Publicity of the Project

The Grantee is responsible for issuing press releases and announcements concerning the availability of Federal support for the project. A brochure or circular should be developed by the Grantee which will provide potential participants with sufficient information to apply.

Patent Rights

a. Whenever an invention, improvement, or discovery (whether or not patentable) is made or conceived or for the first time actually or constructively reduced to practice, by the Grantee or its employees, in the course of, in connection with, or under the terms of this grant the Grantee shall immediately give the Grants Officer written notice thereof, and shall promptly thereafter furnish the grants officer with complete information thereon; and the U.S. Office of Education shall have the sole and exclusive power to determine whether or not and where a patent application shall be filed, and to determine the disposition of all rights in such invention, improvement, or discovery, including title to and rights under any patent application or patent that may issue thereon. The determination of the Grants Officer on all these matters shall be accepted as final and the provisions of the condition of this Grant entitled "Disputes" shall not apply; and the Grantee agrees that it will, and warrants that all of its employees who may be inventors will execute all documents and do all things necessary or proper to the effectuation of such determination.

b. Except as otherwise authorized in writing by the Grants Officer the Grantee shall obtain patent agreements to effectuate the provisions of this condition from all persons who perform any part of the work under this Grant, except such clerical and manual labor personnel as will have no access to technical data.

c. Except as otherwise authorized in writing by the Grants Officer the Grantee will insert in each subcontract, having experimental, developmental, or research work as one of its purposes, provisions making this condition applicable to the subcontractor and its employees.

d. In the event a Grantee files a patent application on any invention described in paragraph (a) hereof, the patent application shall include the following statement in the first paragraph of the specification and in any patent issued thereon.

> The invention described herein was made in the course of or under a Grant from the Department of Health, Education, and Welfare, Office of Education.

Clearance of Forms

In the event the work performed involves the collection of identical information from 10 or more individuals or organizations other than Federal employees or agencies, the Grantee will submit to the Grants Officer six copies of all questionnaire forms and survey plans for approval prior to their use. This requirement is not applicable to administrative forms necessary for the conduct of the project.

Disposition of Equipment

a. Whenever items of equipment, each initially costing $100 or more, in which cost the Federal Government has participated are sold or no longer used for the purpose authorized by the Act, the Federal Government shall be credited with its proportionate share of the value of such equipment, the value being determined on the basis of the sale price in the case of a bona fide sale or on the fair market value in the case of discontinuance of use or diversion for other than a purpose authorized under the Act.

b. Inventories and records are required to be kept for all items of equipment. The Grantee is responsible for having available information sufficient for a determination of whether such equipment continues to be used for a purpose provided for under the Act.

Disputes

a. Except as otherwise provided in this Grant, any dispute concerning a question of fact arising under this Grant shall be decided by the Grants Officer, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Grantee. The decision of the Grants Officer shall be final and conclusive unless within 30 days from the date of receipt of such copy, the Grantee mails or otherwise furnishes to the Grants Officer a written appeal addressed to the Secretary. The decision of the Secretary, or his duly authorized representative for the determination of such appeals, shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence. In connection with any appeal proceeding under this condition, the Grantee shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the Grantee shall proceed diligently with the performance of the work and in accordance with the Grants Officer's decisions.

b. This "Disputes" condition does not preclude consideration of law questions in connection with decisions provided for in paragraph (a) above: Provided, that nothing in this Grant shall be construed as making final the decision of any administrative official, representative, or board on a question of law.

Mr. Howe. We will certainly respond to that, Mr. Chairman.

HIGHER EDUCATION FACILITIES ACT EXTENSION

College and university enrollments in the United States rose from 2.4 million in 1954 to 5.4 million in 1965, and are expected to exceed 8 million by 1973. The number of colleges and universities has increased 250 percent since World War II, from 866 to approximately 2,300.

To help the Nation's colleges and universities cope with mounting registrations, Congress enacted the Higher Education Facilities Act of 1963, which provides matching grants and loans for the construction, rehabilitation, and improvement of classrooms, laboratories, libraries, and other academic facilities.

Under title I, grants of up to 40 percent of project development cost may be awarded to public community colleges and public technical institutes. Grants of up to one-third of the development cost may be made to all other undergraduate institutions. In fiscal year 1968, 23 percent of the funds appropriated for this title are allotted to the States for the use of public community colleges and technical institutes; the balance is allotted for the use of other institutions. Since the beginning of the 1964 academic year, 581 grants have been awarded for the construction of public community college and technical institute facilities, and 2,051 such grants for other undergraduate institutions. The number of institutions receiving support under this program has increased from 475 in fiscal year 1965, the first year the program was funded, to nearly 1,000 in the current year.

Under title II, facilities grants of up to one-third of cost may be awarded for graduate school facilities or for cooperative graduate centers. By the end of the current fiscal year, 275 grants for the construction of graduate facilities will have been awarded since funds first became available. The 1967 awards to about 78 institutions will provide academic facilities for some 30,000 graduate students, bringing the 3-year total to nearly 100,000 students helped by this program.

Title III authorizes loans for the construction of academic facilities, both undergraduate and graduate. The amount of the loan, plus any other Federal funds, may not exceed 75 percent of the eligible development cost of a project. Since 1965, 440 loans have been made to colleges and universities for the construction of academic facilities. The number of institutions receiving these funds in 1967 is estimated to be 182, an increase of 53 percent over the first year's total.

S. 3098 would extend the three titles of the Higher Education Facilities Act for 5 years, through fiscal year 1974. Provisions for aid in case of a major disaster would also be extended for 5 years. Interest rates for title III loans would be fixed at the current average market yield of comparable U.S. obligations, less a reduction of not more than 1 percentage point, to be set by the Commissioner of Education.

NEW HIGHER EDUCATION PROGRAMS

In addition to the extension of these existing programs, the proposed Higher Education Amendments of 1968 would make several substantive changes in existing financial aid programs and would authorize a series of new programs and titles:

Title III of the Higher Education Act would be amended by the addition of a new part B—improvement of graduate programs—and by an increase in the cost of education allowances accompanying Office of Education fellowships.

Title IV of the Higher Education Act would be amended by the addition of a new part C—special services for disadvantaged students;

A new title IX—networks of knowledge—would encourage the sharing of educational resources among colleges and universities; and

A new title XII—education for the public service—would authorize a program of institutional grants and graduate fellowships designed to improve the preparation of young men and women who seek careers in Federal, State, and local governments.

I feel that each of these proposed new programs is of great merit, worthy of your serious consideration. Each will offer the promise of Federal assistance in an area vitally needed by our Nation's colleges and universities, by our students and our potential college population. Taken together with existing programs, the proposals of S. 3098 go far to attain the goal set by President Johnson: "that every qualified young person must have all the education he wants and can absorb."

Senator MORSE. Mr. Commissioner, I have a couple of questions I want to ask on this section before you proceed with the Educational Opportunity Act.

Let me say that first impressions are always very interesting and usually quite reliable. On the question of your proposals for new programs under the Higher Education Act, they are very, very favorable. In fact I can see a great deal of imagination. This challenges one's imagination under the brief description that you give, and I shall look into them with great interest indeed.

MATCHING IN THE CONSTRUCTION PROGRAMS

Senator Javits has asked me to ask you this question: The Health Manpower Act, S. 3095, would permit matching of 50 percent and up to 66⅔ percent in special cases, up to 25 percent of all projects. Do you believe a similar provision should be included in the Higher Education Facilities Act?

Mr. HOWE. In effect changing the matching arrangements that we have now to a higher level of Federal matching?

Senator MORSE. I think that would be the result.

Mr. HOWE. We are not proposing this, Mr. Chairman, although I will say frankly that we considered such a proposal. Against the background that we have had to limit appropriations for this particular legislation, we thought it best not to bring this proposal at this time.

CONSISTENT MATCHING POLICIES

Senator MORSE. Senator Javits' counsel advises the chairman that the administration is really proposing the same formula that Senator Javits is suggesting for all education. The administration is proposing it for health, education, manpower programs. It raises the question of why the distinction exists. Why don't you have the same formula for all your other Higher Education Facilities Act programs?

Mr. HOWE. I will have to explore this some more to give you a complete answer.

Senator MORSE. Let the record show that you will give us a memorandum on it. I think that is best. It is not fair to you to ask you to comment on it now, but as I understand it, Senator Javits doesn't understand why you have the formula for part of the educational field and not for the others.

Mr. HOWE. I think, without regard to the problem of consistency, that my view of the education problem is that we would produce less facilities under budget allocations that we can foresee. We want to produce the maximum facilities, and therefore we did not suggest making this change at this time. However, I will examine the problem of consistency, which is really the problem being raised, and give you a memorandum on it.

Senator MORSE. Thank you very much.

(The memorandum referred to above follows:)

MEMORANDUM FROM OFFICE OF EDUCATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, RE HIGHER EDUCATION FACILITIES ACT OF 1963, TITLES I AND II

The Health Manpower Act, S. 3095, would permit matching of 50 percent and up to 66⅔ percent in special cases. Do you believe a similar provision should be included in the Higher Education Facilities Act?

A proposal to raise the level of Federal grants under the Higher Education Facilities Act was seriously considered in the Office of Education last year. The American Council on Education, the Association of Executive Directors of Higher Education Facilities, as well as a number of institutions of higher education have suggested the adoption of such an increase. At this time, however, we are opposed to any increase in the Federal share even if it were limited to special situations.

In view of the current tight budgetary situation wherein the fiscal year 1969 appropriations request is below the previous year's level of funding, we believe it unwise to increase the Federal share. A larger Federal share would undoubtedly produce less facilities. As soon as the current fiscal crisis is solved or diminished the Office of Education will review our position on the Federal percentage in light of the national education needs at that time.

AUTHORIZATIONS AND APPROPRIATIONS FOR HIGHER EDUCATION FACILITIES

Senator MORSE. Under titles I and II, Higher Education Facilities, in your testimony it would be helpful to have a table showing the authorization and appropriations from the beginning of the program to fiscal year 1969. Will you have that table prepared so we can see where we have been and where we are going?

(The table referred to above follows:)

AUTHORIZATION AND APPROPRIATION DATA FOR TITLES I AND II OF HIGHER EDUCATION FACILITIES ACT

[In thousands of dollars]

	Fiscal year				
	1965	1966	1967	1968	1969
Title I:					
Authorization	$230,000	$460,000	$475,000	$728,000	$936,000
Appropriation	230,000	458,000	453,000	400,000	67,000
Obligation level authorized	230,000	458,000	453,000	[1] 274,452	[2] 200,000

[1] Includes approximately $7,500,000 unobligated funds carried forward from fiscal year 1967.
[2] Includes $133,000,000 from fiscal year 1968 appropriation.

	Fiscal year				
	1965	1966	1967	1968	1969
Title II:					
Authorization	$60,000	$120,000	$60,000	$120,000	$120,000
Appropriation	60,000	60,000	60,000	50,000	8,000
Obligation level authorized	60,000	60,000	60,000	33,000	[1] 25,577

[1] Includes $17,577 from fiscal year 1968 appropriation.

Senator MORSE. Senator Prouty has submitted to me to be asked a series of questions. It is satisfactory to Senator Prouty that I hand you the questions and you prepare the answers and they will be inserted, the questions and the answers will be inserted at the conclusion of your testimony in the record.

Mr. HOWE. We will happily do that.

UNIVERSAL HIGHER EDUCATION

Senator MORSE. Senator Yarborough has a question: "The hearings we have already held on student financial assistance as well as the Kirkpatrick report and other documents substantiates my feeling that we lack a sense of direction in our aid to postsecondary education. What is your reaction to the Universal Post-Secondary Education Act amendment offered by Senator Yarborough last September? Would you give us a memorandum on that, too?

Mr. HOWE. Yes; I would be glad to do that, Mr. Chairman. Let me just comment that in terms of student aid I think we are building in the suggested legislation before you a more comprehensive and consistent program. I think the question raised by Senator Yarborough addresses itself to the broader issue of all financing for higher education and postsecondary education. The President, in his education message, directed the Secretary of HEW to make a major study of the Federal strategy for the support of higher education, on a very broad basis. Plans are being made within HEW at the present time for mounting that study.

It will be, I think, one of the most significant looks at the relationship between the Federal Government and the world of postsecondary education which has ever been taken, and it will embrace studies being made now by private groups as well as efforts from within the Federal Government.

(The following material was subsequently supplied for the record:)

MEMORANDUM FROM OFFICE OF EDUCATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, RE SENATOR YARBOROUGH'S AMENDMENT TO S. 1126

The prime response concerning the amendments offered by Senator Yarborough in September 1967 (amendment number 310 to S. 1126, the Higher Education Act Amendments of 1967) is contained in the President's message to the Congress on education, dated Februray 5, 1958.

"A Strategy for Higher Education". The programs I am presenting to the Congress today are aimed at solving some of the problems faced by our colleges and universities and their students in the years ahead. But accomplishing all these things will by no means solve the problems of higher education in America.

To do that, we must shape a long term strategy of Federal aid to higher education: a comprehensive set of goals and a precise plan of action.

I am directing the Secretary of Health, Education and Welfare to begin preparting a long-range plan for the support of higher education in America. Our stategy must: eliminate race and income as bars to higher learning. Guard the independence of private and public institutions. Insure that State and private contributions will bear their fair share of support for higher education. Encourage the efficient and effective use of educational resources by our colleges and universities. Promote continuing improvement in the quality of American education. Effectively, blend support to students with support for institutions.

Such a strategy will not be easy to devise. But we must begin now. For at stake is the decision of vital importance to all Americans."

EDUCATIONAL OPPORTUNITY ACT

Senator MORSE. All right, Mr. Commissioner, will you proceed with the Educational Opportunity Act of 1968.

Mr. HOWE. Educational Opportunity Act of 1968. This year marks the 10th anniversary of the National Defense Education Act of 1958 and its landmark student loan program. During that 10-year period, additional programs for student aid have been added to create a comprehensive, federally supported package of student aid—loans, direct grants, and work-study assistance. In a 10-year span the number of institutions participating in these student aid programs has doubled, from 1,100 to 2,200. The dollar amount provided to students has increaesd tenfold from $59 million in loans in the first full year of the NDEA loan program to an estimated $510 million this year in the three parallel programs of NDEA loans, student employment, and Educational Opportunity Grants. The number of students served by these programs has increased nearly sevenfold over the 115,000 borrowers in the first year of NDEA student loan activity.

Such developments should not be measured in terms of Federal dollars alone. These 2,200 institutions of higher education also administer an amalgam of institutional, State, and private student aid programs estimated in excess of $550 million for the current year. When combined with the 1967–68 Federal programs, undergraduate student assistance alone exceeds $1 billion.

Against this backdrop of growth and development, let me outline the direction and purpose of the administration's 1968 proposals for modification and consolidation of these programs into the Educational Opportunity Act:

First, to move effectively toward "a new and sweeping national goal: That in America there must be no economic or racial barrier to higher education." This is to be accomplished, at least in part, by providing substantial assistance to students, to assure that financial obstacles to full educatioanl opportunity are overcome.

Second, in the three college-based financial assistance programs, to achieve a measure of consolidation and, in so doing, to achieve greater flexibility and convenience at the institutional administrative level.

CONSOLIDATION PROVISIONS

Third, within this consolidated framework to retain the major objectives and program characteristics already established.

Key recommendations concerning changes in the NDEA student loan program, the educational opportunity grant program, and the college work-study program include:

1. There would be a single appropriation item for Federal capital for the National Defense student loan fund and the college work-study program, with a 90–10 Federal institutional matching ratio, and a single appropriation for the educational opportunity grant program which would not require program matching funds.

Senator MORSE. I am so glad you have gone back to the 90–10. We dropped down as a result of amendments to 75–25, and you brought it up to be 85–15, but now you are going back to 90–10 and that is exactly where it ought to remain.

Mr. HOWE. 2. The fund distribution pattern would be altered from the three separate allotment formulas, which differ for each program, to a national pool funding basis with a limitation that no State could receive more than 12½ percent of any single appropriation.

3. There would be a provision that during any year an institution could transfer not to exceed 20 percent of the Federal money allocated for any one program to another. At the Commissioner's discretion, this 20-percent level could be exceeded in an emergency situation. This would provide a much-needed authority for institutions to rebalance their programs during the year.

4. A $1,000 per annum maximum would be set on an educational opportunity grant award to any one student, and the present $800 maximum and the mandatory $200 award for students in the upper half of the class in the prior year would be eliminated.

5. The annual ceiling on NDEA loans to undergraduates would be raised to $1,500, as a reflection of cost increases over the past 10 years.

6. For all three programs, there would be a common requirement for continuation of institutional expenditures in its own student aid programs, to replace the two different and separate authorities in the existing EOG and work-study programs.

7. In place of the varied pattern of administrative overhead allowances presently contained in the loan and work-study programs, a common maximum of 3 percent of the total Federal funds granted to an institution would be provided, with an overall maximum of $125,000 per year to any single institution.

8. An overall student financial aid advisory council would replace the four separate advisory committees contained in the present statutes.

9. It is the intent of the administration to accomplish uniform forward funding of these programs beginning in fiscal year 1970.

The consolidation of these three programs, authorized under a single part A of title IV, also allows us to request a program authorization extension of 5 years, commencing in fiscal year 1970. To cover the interim year, fiscal year 1969, single-year extensions are requested for title II, NDEA, and for titles IV–A and IV–C of the Higher Education Act of 1965.

This 6-year request, if granted, would for the first time provide the Nation's colleges and universities with a firm, permanent operating base and would eliminate the confusion and uncertainty which institutions are facing at the present.

IMPROVEMENT OF GRADUATE PROGRAMS

S. 3098 proposes a new part B for title III of the Higher Education Act of 1965, designed to broaden and strengthen the institutional base for high-quality doctoral programs in the Nation. This new part—improvement of graduate programs—is aimed specifically at those institutions with already established doctoral programs not generally considered to be among the top doctoral producers of the country, but with a demonstrated capacity for high-quality work in a limited range of fields.

During the past decade, undergraduate enrollments in American higher education have doubled; graduate enrollments have increased two and a half times. With this numerical growth has come a rising level of educational aspiration, so that today more than two-thirds of all undergraduates indicate their intention to continue their formal education in post-baccalaureate graduate and professional programs.

One consequence of this demand has been a great shortage of qualified faculty for both graduate and undergraduate instruction. A recent survey sent to presidents in 150 universities indicates that this faculty shortage is expected to persist in most fields at least into the mid-seventies. And if higher education through the first 2 years of college is to be made accesible to all qualified American youth, the anticipated shortages will become even more acute. Already the Nation's burgeoning junior and community colleges are experiencing difficulty in finding qualified staff, and their needs for additional faculty have been estimated in a recent study to total 100,000 by 1975.

In addition to the demand generated by an expanding system of higher education, the need for graduate-trained men and women on the part of other sectors of American society is also expanding at unprecedented rates. In 1962, the President's Science Advisory Committee cited 11 major objectives of national policy, ranging from economic progress and military security to the exploration of space and improvements in medical and environmental health. In the judgment of the committee, the achievement of all of these required "a concerted program for expanding the Nation's capabilities in graduate education and training."

Senator MORSE. Commissioner, of the many important parts of your testimony, I don't think there is a part more important than the part where you discuss the crisis that confronts us in regard to supplying an adequate number of teachers at the elementary, secondary, and college level, plus the postgraduate level. We cannot possibly meet our educational crisis if we do not do that. We cannot possibly, in my judgment, sacrifice our graduate programs. This could produce a lost generation of young men and women in this country. Our graduate programs provide us with the trained brains that we are going to need in order to meet a good many other crises in the Republic.

That is why your chairman has insisted that we not have cutbacks in appropriations for education. That is why your chairman refuses to go along with the draft law as it now is on the books, and the proposal for further discriminatory policies in that draft law. I do not know

what we can do except to take advantage of every opportunity, as I am doing right now, to make the record point up this problem to the American people. The people are going to have to solve it. Politicians will never solve it for them, unless the American people give some instructions to their politicians.

We cannot sacrifice this generation and oncoming generations. We must meet the obligation that we owe to all young people in this country to provide them with the opportunity to develop to the maximum extent possible their intellectual potential. We are on our way to making that sacrifice. Here is a case in which you are going to have to have the butter, if you want to use that I think inaccurate descriptive phrase, I just want to take this minute to stress that part of your testimony this morning. I do not attribute to you my views, I want that clear, but as chairman of this committee, I am not going to stand by this year or any other year and give any support to this administration to any degree for cuts in the educational program of this country.

I do not know how I could be a party to weakening the security of this country more than by going along with them in such programs. I do not have to tell you, it is carrying coals to Newcastle to tell you this, but I am using this as a forum to talk to the American people.

Across this country in school system after school system and college system after college system, you have to have trained Ph. D.'s to teach future Ph. D. candidates in their field of specialty, and we are specializing more and more in the educational field.

Here we are with a paucity of teachers and a great increase in the knocks on the doors of our colleges for admission. There are many reasons why they are not being admitted in sufficient numbers.

WASHINGTON, D.C., SITUATION

Look at this city. We set up a Federal City College program to start next fall. We have already 6,000 applicants, and they are talking about admitting only 2,400. Congress sits by and has done nothing to date to give encouragement to meet that crisis. You can't justify not admitting the 6,000.

You have 6,000 young men and women from the poverty stricken ghettos of Washington, D.C., who want to go on in higher education and train themselves for useful citizenship. How can this Congress waste time in not passing a supplemental appropriation to see to it that we expand the City College to take those 6,000.

What do you want to do with them if you do not train them in college? Let me say to the Congress and to the American taxpayer, it is going to cost you a good many times for each person who is going to be involved by denying them admission to that City College next fall. It is going to cost you many times the cost of what it would take to put them in college to take care of most of them out of college. For unless you give them this kind of training, they are not going to be able to adjust economically to the automated age in which they are going to have to live the rest of their lives.

That is why, let me say again, as I indicated as clearly as I could yesterday, this Senator is not going to support this administration in

its cutbacks on the domestic program, because if we cut back, we are going to strike the greatest blow against the welfare of this country. This is only one field, education, but it happens to fall under my jurisdiction for the time being. I have some jurisdiction in some other fields over in the Foreign Relations Committee, and I will take care of that in that forum.

This morning I want once again, before I close the hearings today, to serve notice the program of the Johnson administration in the field of education, with all the fine words that it uses in telling what the program is going to be, is an empty program unless the Johnson administration sends up a request for more money than it has allocated for education in its budget for 1969.

You pointed out yesterday you got $200 million more than this last year. Well, that, in the first place, is not enough, and, in the second place it does not mean anything to me until the administration assures me that they are not going to impound or freeze any of the money. For I judge them only by action, not by words.

I only can judge their actions by what they have done in the past. Here we are confronted, as I said yesterday, with a lot of money being impounded and frozen across our domestic program in field after field, because the Johnson administration does not want to make the cuts where it ought to make the cuts, in foreign aid and in unnecessary defense expenditures all around the world. The administration seeks to build up an American military lifeline around the world costing billions and billions of dollars, a lifeline that is going to result in the destruction of the Republic in the next century if we do not learn from history. What a waste, to be sending hundreds of millions of dollars of taxpayers' money into Africa, for maintaining two and a half billion dollars in Germany when we are the only country in NATO that carries out our NATO commitment.

You have got to repeat and repeat until you finally get it through the heads of the American taxpayers, to make them understand they had better take care of their own house and stop letting an administration waste billions of their dollars around the world in programs that are not producing returns for the money that is being spent.

I am sorry to take advantage of you on the stand to make this statement again, but I am going to keep right on making it every opportunity I have, because we have got to fight this one out in this country, before great damage is done to our domestic institutions.

Here we have a chance in this matter of these teacher training programs to really supply the youth of tomorrow with the teachers trained today in order to carry out the primary obligation that confronts every American taxpayer. That is to see to it that he, as the taxpayer, as a part of his patriotic taxpaying duty, supplies the resources, facilities, and personnel necessary to meet this educational challenge.

I am through with my little gratuitous speech, Mr. Commissioner. Nevertheless I challenge the administration to answer its basic premise. It cannot be answered, and therefore I intend to keep raising it until the objectives I have in mind are carried out.

You may proceed.

Mr. HOWE. Mr. Chairman, let me just make a comment, not an answer. There is a real affinity between the views you express and some of the moves the administration is making in the current year to plan for the increases it is allowing. The very large proportion of these will go into additional personnel training to serve education, teachers, professors—the funding of the Education Professions Development Act.

Indeed, part of this testimony, page 25 to which you refer, is in support of a new program to enhance the capacity of graduate schools to pursue exactly the directions you are outlining. So although you are making a point about the degree of funding here, which is not totally agreed to by the administration, the point of broad direction and the importance of these programs is agreed to. The President is proposing here in this new graduate school legislation a device which will, I think, expand graduate school services, and will also address itself to something we discussed in this hearing yesterday, the distribution of graduate school services across the country.

It was pointed out that to some degree title IV fellowships were awarded in higher proportion in some areas of the country than in others. This new legislation about graduate schools will certainly have the effect of helping those areas of the country which have not attracted as many fellowships to further develop their graduate school capabilities and to attract a higher proportion of fellowships I think this is all to the good.

With your permission, I will go ahead with the formal testimony.

Senator MORSE. I want to make a comment on your comment for just a minute, which I applaud. Let me make this very clear. I applaud these new programs in this bill. I got through saying a few moments ago that I think they challenge the imagination. In fact the interesting thing is that the President of the United States, this President and the Presidents preceding him, have never made a single proposal for expanding our educational facilities, our educational academic programs that this chairman has not enthusiastically endorsed.

I have spoken many times and let me make it clear again this morning, that I think as far as the legislative format is concerned, we have had no President who has made such a contribution to educational legislation as has President Johnson. President Kennedy before him laid down the challenge, started the great breakthrough in 1961. It resulted, as you have heard me say many times, in the passage of more Federal aid to education legislation than in all the rest of our history combined. Great help has come from your Department, under Secretary Fleming, Secretary Celebreeze, Secretary Ribicoff, Secretary Gardner, and now Secretary Cohen.

No one can be higher in praise of the passage of legislation than I have been. I just want to help save President Johnson from making a great mistake that will bespoil his record in the field of education if he does not supply the funds.

That is why I say it is not enough to point out to me requests for appropriations. The test is whether or not, after the appropriations have been made, the administration is willing to spend the money.

If you do not spend the money, then the administration becomes guilty of deceiving the educators of the country. They raise their hopes. They plan for the educational program, and then the administration impounds the money and freezes the money.

That is true of a good many of our domestic programs. I think it is, of course, a violation, a form of usurpation on the part of the executive branch, of Government, of the appropriation powers of the Congress.

PRESIDENTIAL POWERS

The constitutional fathers wrote into the Constitution the checking power to appropriate. They did not write and you can not find in the Constitution a word that justifies it literally. They did not write in the Constitution that the President had the right to ignore the decisions of Congress in appropriation.

It clearly implied that once the money was appropriated, it is to be spent unless the President went to the Congress and asked them to freeze the funds. The Constitution does not give the impounding and freezing power to the executive branch of the Government. The advise and consent clause, if no other clause of the Constitution, makes it the imperative duty on the part of the executive branch of Government to come back to the Congress and get approval to do something different with appropriations.

Do not forget the Congress has always resisted the attempt of President after President to get a so-called item by item veto power on appropriation bills. Every time the Congress turns it down it makes clear to the President that "We are not going to give it to you." This impounding and freezing policy in effect is a form of exercising an item-by-item veto.

All I am pointing out here is that this committee, as far as this chairman is concerned, is not going to go along with any such exercise of arbitrary discretionary power on the part of any President.

I think we ought to appropriate the money. That is decided by the Congress. It ought to be spent for educational needs, and if the President signs the bill, then the money should be spent. His check is not to impound and freeze the money. His check is to veto the bill, and then let the Congress decide whether or not it wants to override his veto.

That is not what he is doing. That is the bone of my contention. I enthusiastically applaud you and the President for the proposals in this 1969 bill, but I have learned from experience, that in passing a good bill and getting appropriations for it does not mean you are going to be allowed to spend the money.

That is what the kids of America need, the money. That is what the educational crisis needs to resolve it, the money. And let me tell you that, in my judgment, you cannot possibly justify weakening the fabric of our security here at home and creating the domestic problems that you are going to create, if you do not meet the educational crisis.

If you do not meet it, you are building up street action in years ahead. You are going to build up street action by the people you keep out of college. They are going to become disillusioned. They are becoming disillusioned by the thousands. I gave you the Federal City

College situation. What are we going to do with those 3,000 young men and women that are not going to get into this college?

They cannot go anywhere else. They do not have the funds. They cannot go to American University or George Washington or Georgetown or Catholic. They cannot afford it. We have got to supply it. What are you going to do with them?

I think you save money by educating them rather than keeping them on relief or on other forms of public assistance.

ROLE OF THE CONGRESS

All the chairman of this subcommittee is trying to say at the early beginning of what is going to be, in my judgment, a historic debate before this Congress is over is that we are going to have it out with this administration as to whether or not we are going to spend these billions of dollars for unnecessary military defense abroad. That only increases the danger of the very survival of the Republic in the decades immediately ahead. We will be isolated, the rest of the world against us, growing against us day by day, becoming more fearful of us. We are becoming the most feared Nation in all the world, and with cause and complete justification.

If I were a citizen of any other country I would be scared to death of the United States, because of our attempt to become the military dominator of the world. We are not going to get by with it. There are men in American public life who are willing to take the risk of saying so. I would not want this job if I could not say it. This happens to be my duty. I am going to continue to say it, and I hope that some commonsense will finally permeate the heads of the military group that apparently controls American foreign and domestic policies.

I happen to believe that you are living right now under a Government that is controlled by the industrial-military complex. That is why you are getting all these problems in regard to our fiscal program. So I want to make this record perfectly clear.

The President will never have a stronger supporter for his educational program than the senior Senator from Oregon, provided he will implement the program with the expenditure of the money which the Congress appropriates. That is the test. There is no other test to solve this problem.

I want you to take it back to the Secretary, if he has any doubt and I am sure he does not as to where this chairman is going to stand. I am going to work with you. I am going to support your program. But I am going to fight any attempt on the part of your department or the White House to impound or freeze or non-spend the money that is necessary to carry out the program.

I think it is in the very time of crisis that we need to spend to keep this Republic strong. And as you know, I have had a lot of suggestions. I have made them on the floor of the Senate as to how the President can raise the money. He can raise it by doing something about tax loopholes that confront us as well as foreign expenditure. If you have any more comments you are welcome to make them. Otherwise you can proceed with the statement.

Mr. Howe. I will go ahead, Mr. Chairman.

The Education Professions Development Act will provide one resource for meeting these problems. But there is another and equally significant need—the need to strengthen the institutional base of graduate education so that a larger proportion of graduate study is characterized by excellence in its service to all aspects of the American society and economy.

The proposed program for the strengthening of graduate education is designed to meet these needs. We envisage a program whereby institutional grants to individual graduate schools would be gradually increased for several years, followed by diminishing Federal support and concomitant increases in institutional expenditures.

Grants under this program would be available for several purposes:

(1) The establishment, expansion, or improvement of courses of study leading to the Ph. D. or equivalent degree;

(2) The addition of faculty, or the upgrading of existing faculty;

(3) The acquisition of curriculum or research materials appropriate to the fulfillment of graduate program establishment, expansion, or improvement; and

(4) The establishment or improvement of administrative procedures or services in doctoral programs either within the institution or in cooperative arrangements with other institutions at the doctoral level.

Grants would not be available for the construction of buildings or traineeship support of students, and no portion of the grants could be used for the support of sectarian religious training or purposes. As envisaged, the program would not duplicate other Federal programs designed to support advanced level training.

The universe of institutions of primary eligibility for this program would be about 100. Ineligible would be those top quality institutions generally conseded to be among the leaders in American graduate and professional education. Institutions ranking at the lowest end of the scale in doctorate production would be accorded a lower priority in eligibility because of the limited contribution they could make to a significant increase in the number of highly trained individuals. This leaves 95 to 100 middle-range institutions which would be accorded top priority for grants. The precise number which would receive grants cannot be predicted, because each applicant would have to justify its request by the merit of its individual proposal, its past record, and the realism and quality of its plans for improvement.

Grants would be administered in such a fashion that each institution would receive enough funds to exert the necessary leverage for a change in the quality of its program. As is other Office of Education programs, panels of experts would appraise the merits of all applications submitted, within the broad policy directives determined by the Advisory Council on Graduate Education.

I feel that this proposal holds great promise for the future of graduate education in this country. Adoption of the program will strengthen the institutional capacity of American graduate schools to produce qualified individuals for research and teaching, and will greatly increase the accessibility of graduate centers of excellence to

the rapidly expanding number of students expected to enroll in advanced programs of graduate training in the years ahead.

INCREASE IN COST OF EDUCATION ALLOWANCE

Institutional allowances for the NDEA graduate fellowship program and the programs of fellowships for prospective and experienced teachers are statutorily set at $2,500, less tuition and nonrefundable fees for each fellow enrolled. For all other Federal fellowship programs, however, the institutional allowances are set by administrative action rather than by statute. Such allowances can therefore be set at rates which are not only comparable but also consistent with appropriation levels, type and level of graduate program, and actual institutional costs of education.

The Higher Education Amendments of 1968 propose amendment of title IV of NDEA and title V of the Higher Education Act, to permit the institutional allowances to be set at amounts comparable to those of other Federal fellowship programs. Such a change would provide the means to establish a greater degree of consistency among all Federal fellowship programs, while adding the flexibility necessary to increase allowances to reflect increases in actual institutional costs of education.

In speaking of the economic problems of higher education several months ago, McGeorge Bundy noted that "with the tools now available, we cannot really prove our case." The truth of this statement is nowhere more obvious than when seeking hard data concerning the costs of graduate education, but there is agreement on once fact: graduate education is expensive.

One private university, estimating that its direct and indirect costs related to undergraduate study are $3,000 per student, estimated that its costs per graduate student are 1½ to 3 times as much. Most institutions, however, cannot even estimate these costs. Some note that they realize they will have to begin doing so, while others state that it will never be possible to isolate the costs of graduate education from the total costs of higher education.

One finds the same varied picture when looking at State formulas for the support of higher education. In an attempt to base State support on a recognition of the essential differences in the expenditure requirements of various levels of study, the Ohio Board of Regents recommended institutional support ranging from $350 per full-time-equivalent student for lower division courses to $1,000 in upper division, to $4,800 in Ph. D. programs for 1967–69. In 1965, the Ohio Board of Regents reported:

> It is a fact of long-standing recognition among university administrators that medical education and graduate study are the two most expensive instructional activities of a university's operations. The exact order of magnitude of this expense varies from institution to institution. But we would not be far from the mark if we say that graduate study at the Ph. D. level and medical education require public support in a public university about ten times that required for the average array of undergraduate courses.

One State higher education commission, in its report of recommendations on institutional appropriations requests, went as high as a 25 to 1 ratio in some fields of study.

Without knowing the exact cost of graduate education, we are convinced that the present $2,500 cost of education allowance is at least $1,000 too low. The administration, therefore, proposes to move toward a $3,500 cost of education allowance for all Federal fellowship programs beginning with fiscal year 1969. We will be proposing the $3,500 figure for all new Office of Education-sponsored fellowship beginning next fall, if this new flexible authority is granted. This would mean that within 3 years all fellowships new and continuing, would be covered by the higher figure.

I might add, Mr. Chairman, we have included money in our appropriations request to take care of starting that new program.

We recognize that colleges and universities compete for the NDEA graduate fellowships, as well as for those provided under the Education Professions Development Act, but we are also aware that this is often a competition for institutional deficits. One obvious way to fulfill the purposes of this part—to improve graduate education—is to provide the means of assuring that the receipt of fellowship allocations will not always be a losing proposition for our colleges and universities. While the increase in institutional cost of education allowances will not turn our colleges and universities into profitmaking organizations, it should add a degree of equity to our support, and ease somewhat the burden on these institutions.

SPECIAL SERVICES FOR DISADVANTAGED STUDENTS

During the last decade, a number of economic, social, and cultural factors have combined to bring to the forefront of public attention the condition of the poor and the disadvantaged in our Nation. These disadvantaged families have in common such characteristics as depressed economic status, low social status, inferior educational achievement, tenuous or no emp'oyment, confined participation in community organizations, and limited ready potential for upward mobility. In many instances, they are further handicapped by the attitude of others toward their ethnic or racial status. Many of these socially disadvantaged either live in isolated rural poverty areas or are concentrated, in ever-increasing numbers, in the "inner city" of our metropolitan centers.

Children living under these depressed economic, social, and cultural circumstances have acquired from their families and peers attitudes, motivations, and values different from those of the community at large. Furthermore, it is widely acknowledged that these students often receive inferior elementary and secondary education. As a result of these conditions, in school these children show disproportionately higher rates of academic retardation, social maladjustment, behavioral disturbance, and physical disability than the more financially fortunate students.

However, this apparent academic and social handicap of disadvantaged students has nothing to do with intellect or potential. Although statistical information currently available is inadequate existing compensatory practice demonstrate that many of the academic and other deficiencies characteristic of the disadvantaged student can be overcome. Imaginative and innovative programs can make the difference between a college graduate and a college dropout, just as they can in high school.

In recent years, colleges and universities have focused increased attention on disadvantaged students. Feeling the need to involve themselves with contemporary problems, and also recognizing the value of a diverse student body, institutions of higher education have accelerated their efforts to identify and to enroll students from disadvantaged backgrounds. As a result of institutional efforts and activities conducted under Federal programs, an ever-increasing number of disadvantaged students is attending colleges and universities. One of the great challenges facing these institutions is to insure that the academic careers of these students will be rewarding and successful.

However, up to this point in time, too little emphasis has been placed on providing needed academic and other assistance necessary to help the disadvantaged student stay in college and succeed in his college career. Relatively few colleges and universities, in terms of the need, have thus far developed compensatory programs, and most of those that have are serving very small numbers of disadvantaged students. A survey of compensatory practices, conducted in 1964, indicated that of the 610 institutions of higher education responding, 386 or 63 percent reported they had no compensatory programs of any kind, although many indicated they hoped to be able to provide such special services in the future.

Several Federal programs are now in existence which provide greater opportunity for needy and disadvantaged students to enter college. Student aid programs authorized under NDEA and the Higher Education Act are now providing financial assistance to many thousands of disadvantaged students. The educational talent search program, administered by the Office of Education, seeks to identify, through a program of grants and contracts with institutions and other educational agencies, talented students from disadvantaged backgrounds and to encourage them to enter or reenter higher education. The Upward Bound program, administered by the Office of Economic Opportunity, is a precollege program, operated largely by colleges and universities, designed to remedy poor preparation and motivation in secondary school, thus increasing the student's chances of enrolling in college.

COMPENSATORY SERVICES

Getting disadvantaged students into college and arranging for adequate financial aid are only two components of an effective institutional assistance program. A necessary and complementary element is to provide special compensatory services, designed to correct deficiencies such as low reading ability, low general school achievement, low interest and motivational level, and poor health status. Without such concentrated efforts, the student will probably remain marginal in his performance. It is of no benefit to the student, the college, or society if he enrolls only to drop out within the first year or two.

Senator YARBOROUGH. Mr. Commissioner, time is short, we have an executive meeting, but I beg to differ with you slightly there. Where you say, "It is of no benefit to the student, the college, or society of he enrolls only to drop out within the first year or two."

A generation ago most students who went to college had to drop out the first year or second because they didn't have the money and the community didn't have the money. There just wasn't the money in the

country to keep them in the college, in my section, and those with 1 or 2 years, it changed their lives and gave them an educational advantage not possessed by 90 percent of the adults around them. I think it is some advantage. I agree with you that he loses the maximum benefit if he drops out but I think a year or two in college is often the spark that means a great thing in his life. If we could get everybody in college for 1 year I think there would be a vast improvement over having them all, say, graduate from high school. I think there is some advantage.

Mr. HOWE. I would accept your view, Senator Yarborough. Perhaps we ought to say it is of limited benefit rather than no benefit.

Senator YARBOROUGH. I beg from my experience in life to differ with you on it because I think it is of some benefit.

Mr. HOWE. I can think of some outstanding dropouts from college.

Senator YARBOROUGH. We are kind of degree-oriented. You don't judge whether they have a degree or not, not with the quantum of education. If he goes three and a half years, he didn't get a degree, he is not a degree man.

Mr. HOWE. At the same time I hope you agree that it is important to have a program to encourage them to stay longer.

Senator YARBOROUGH. I agree with you. If he doesn't have the degree, there are many things to which the door is closed. I agree with you. If he is going to get the maximum benefit he had better go to some stopping place, associate degree, junior college, master's, whatever he can get. He had better go to some marker on the road.

Senator MORSE. What you are really stressing, and all of us I am sure will agree, is that we have got to provide the incentive, we have got to provide the funds, we have got to provide a broad enough curriculum so that the main objective of his going to college in the first place, that is to stay until he graduates, is attained. That is what we are seeking to do.

That is why you have stressed as you have, I think, the great advantages in the bill that you are proposing or the bills that you are proposing for our consideration this year. But Senator Yarborough is quite right. He has got to make a choice as to whether or not he is going to go 1 year to college or not going to college at all. I am for putting him in there for 1 year.

Senator YARBOROUGH. I think we agree and have an understanding on this.

Mr. HOWE. Absolutely.

SPECIAL SERVICES FOR DISADVANTAGED STUDENTS

S. 3098 proposes a new program—Special Services for Disadvantaged Students—to provide assistance to institutions of higher education and other public and nonprofit organizations, for the development and maintenance of programs to assist disadvantaged students in completing their undergraduate educations and to encourage able students to undertake graduate studies. We hope that such special services would assist disadvantaged students in adjusting to their new environments and to academic life. In addition, such a program should encourage colleges to attempt new solutions and to search for new educational techniques specially suited to the needs of the disadvantaged student.

It is our belief that, as these techniques are further developed, colleges will willingly admit a larger proportion of students they now regard as academic risks, and will find ways to make them successful. Emphasis would also be placed on programs designed to encourage students from disadvantaged backgrounds to pursue graduate and professional education by (1) identifying capable students with aspirations to attend graduate school, and (2) providing counseling and guidance services to prospective graduate students.

Senator MORSE. Thirty seconds. I am glad you are stressing that point in this paragraph. I am pleased, and with some pride, to report to you that just in the last few days in the State of Oregon the higher education authorities announced that they are going to carry out a program which would admit to college a good many students who heretofore have not been admitted. That does not mean they are not going to do something about training them for admission before they come in, but they recognize what this chairman has been stressing for so many years here in the Senate. We have got to stop discouraging these people, these students who get out of high school with not too good an academic average. They have got to be encouraged to go further.

Let me say I saw many a young person just come to academic bloom, so to speak, after a poor record in high school. Something happens to give them the drive and an incentive. Sometimes it is just a friendly counselor, whereas our higher educational authorities in effect said last week when they announced this program, "We are going to try to reach these people, give them something that corresponds to Upward Bound on the State level, prepare them to come on into college, maybe with not a full course to start with, but give them an opportunity to see for themselves how much they need that kind of training, in order to adjust in an automated age.

I am so glad you have that paragraph in your statement.

Mr. HOWE. Mr. Chairman, if you would be interested in it, we could submit for the record quite a number of examples of institutions that have found success in this kind of endeavor.

Senator MORSE. I wish you would.

(The information referred to follows:)

MEMORANDUM FROM OFFICE OF EDUCATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, RE PROPOSED SERVICES FOR DISADVANTAGED STUDENTS

Examples of institutional programs which could be supported under the special services for disadvantaged students proposal.

The Oakland University of Rochester, Michigan, proposes a program initiated in cooperation with public schools and the business and professional community to admit more disadvantaged underachieving students. They will be given the necessary student financial aid; participate in pre-college community and study skill programs that will focus on reading, study and writing; tests the participant will face as a freshman student and receive continued skill development during the academic year. A counseling program also will be provided to help the participants adjust to university life and to achieve "self-direction".

The Mid-Appalachia College Counsel Incorporated is an inter-state consortium of 15 private liberal arts institutions of higher education. These institutions face a particularly critical problem in the retention of students who have been admitted from small remote high schools who are unable to meet the competition provided by students who have come from larger high schools in the more populous areas. Many of these students from remote mountain communities have reading comprehension far below average. Some freshmen instructors believe that there are students in the Appalachian region graduating from high school with vocabularies of less than 1,000 words. One college dean

has indicated that he believes some of these children have vocabularies of less than 500 words. A pressing need is for special courses in reading comprehension on one or more of the campuses directed toward quicker understanding of the written word.

At Western Virginia Institute of Technology a project has been designed to identify techniques and procedures to help college students from culturally deprived homes deal constructively with the problems they encounter in the college community. In viewing the 65–66 records of 63 freshmen from low-income families, it was apparent that more than half were not making satisfactory academic progress. While records show that these students did have the academic potential to achieve, it was apparent that students did not know how to use this potential. In addition to educational problems, they found that upon introduction to the academic community there was a cultural shock which is often fatal to the students' academic lives. As a result of supplementary counseling services involving academic, remedial and social adjustment counseling as well as parent involvement through visits by the counseling staff, the following successes developed. The grade point average for the entire freshmen class was 1.73 percent but 2.00 for students in the special counseling project. The attrition rate for the entire freshmen class was 13 percent but only 5 percent for students on the counseling project.

At Antioch College in Yellow Springs, Ohio, a special demonstration project was established to determine the reasonableness and success that may be expected of a program which focuses on counseling and remedial techniques for the disadvantaged college student in a highly competitive academic climate. A student, whose performances in high school and on standard intelligence or achievement tests, gave little indication of success in the Antioch educational program was supported by special counseling and tutorial assistance including the remedial resources available to all students at Antioch. Of the original 38 students in this project, who were all of very high risk both as to attrition and academic success, 36 are still enrolled. One of the two drop-outs has been transferred to a nearby State college.

The University of Chicago's Small School Talent Search shows that 47 of the 58 bachelor of arts degree awardees in the program undertook graduate study in arts and sciences or professional programs in medicine, law, divinity, business, and education. Most of these young persons, on the basis of promise and performance, study with fellowship assistance.

In 1966, the Berkeley Education Opportunity Program was established by the University of California to provide massive amounts of aid to disadvantaged students in three key areas: admission to the university, the total financial support necessary to attend college and the academic assistance needed to remain in college. Of the 175 disadvantaged students, primarily from minority groups, who entered the program, most of them under normal circumstances would not have attended any college at all. Of these 175 students, 12 percent were dismissed for continued poor grades and an additional 12 percent left for personal reasons other than finance. (The drop-out rate of 24 percent compares favorably to the 25 percent ratio of all students usually not continuing after the freshman year at the university.) By the third quarter of the school year, however, the remaining students were performing as well or better than regularly admitted students.

Mr. HOWE. The program would be authorized for 5 years, through fiscal year 1973. An authorization of $15 million is requested for fiscal year 1969.

I would add, Mr. Chairman, we have included in our appropriation requests, if this new legislation is approved by you, full appropriation of that $15 million.

NETWORKS FOR KNOWLEDGE

As the costs of providing a higher education continue to rise, our Nation's colleges and universities are increasingly developing cooperative arrangements among institutions, as a means of providing high quality education to the greatest number of students. The "knowledge explosion" of the past few years, coupled with the vast increase in the

number of materials available, have made it almost impossible for even the wealthiest university to afford extensive specialized library collections in all the areas its faculty and students might wish to investigate. It has also become extremely difficult to maintain a faculty fully competent in all the major areas of concentration. Less affluent institutions may even experience difficulty in maintaining an adequate collection of basic library resources and minimum levels of faculty coverage of subject areas.

Similarly, in an age of growing student enrollments, handprocessing of college fiscal and student records is costly and inefficient. Yet many colleges cannot afford—and do not need—a computer on a full-time lease or purchase basis. Again, cooperative arrangements among a group of institutions, each utilizing a central computer for the processing of student and fiscal records, might prove efficient and economical.

A recent study made by the Office of Education showed the existence of nearly 1,300 consortia between institutions of higher education across the country. These cooperative arrangements involved as few as two colleges and as many as 80 or more. They covered everything from faculty and student interchanges to curriculum planning and centralized data processing. Such interinstitutional cooperation must be encouraged if we are to insure that college students receive the best possible education.

A new program—networks for knowledge—would become title VIII of the Higher Education Act, designed to encourage such resource-sharing among institutions of higher education. Emphasis would be placed on the stimulation of arrangements whereby institutions of higher education would share technical and other educational facilities and resources, while maintaining institutional identities. The Commissioner of Education would be authorized to make grants to institutions of higher education to support the planning and operation of such sharing agreements. In certain instances, grants might be made to other established agencies and organizations, including professional organizations or academic societies—for example, for the development of a common program in a special subject field to be used in computer-assisted instruction, the subject matter professional association might be the most effective grantee.

Funds could be used for development and operation of a series of interinstitutional arrangements:

Collection and sharing of curricular materials and information on modern curricular advances. This could take many forms, such as creation of a curriculum clearinghouse for a geographic region or a specific subject-matter area. An institution which had conducted in-depth research into a facet of instructional content or technique could share its findings with other interested colleges and universities. Needless duplication in curriculum development could be avoided, if institutions were aware of the curricular materials available to them.

Senator MORSE. Development of effective systems of processing and maintaining financial and student records. Multi-institutional arrangements for standardization or simplification of recordkeeping could prove extremely beneficial to a number of our colleges and universities. Perhaps such a simplified system could be combined with a centralized data processing facility, for which each participant would be assessed a pro rata share.

Joint use of facilities such as classrooms, libraries, or laboratories.

Library networks, providing access to collections of materials in the possession of a number of institutions. Some institutions of higher education have already established library collections in a large number of fields. However, in the main such consortia have consisted of colleges large enough and wealthy enough that each would have a specialized expensive library to "contribute" to the system. Federal assistance to a multi-institution library network might assure that the poorer institutions—those who need the most to share library resources—would be able to participate.

Establishment and joint operation of closed-circuit television facilities. Such TV networks would allow institutions to share their faculties by wire and could result in improvement of instructional quality at a limited cost.

Planning and operation of electronic computer networks. Sharing a single centralized computer by a number of institutions can cut the costs to any single institution significantly, while still providing sufficient computer time for processing of financial or student records, student course work, or transmission of library or other materials, or providing a resource for faculty research. The scope of the computer's use, as part of an educational network, would be limited only by the imagination of the group of institutions proposing the project.

Exchange of faculty on a part-time or full-time basis. Less wealthy institutions may not be able to afford—or use—the full-time services of a distinguished professor. Again, sharing would enable more schools and more students to benefit from a single faculty member's knowledge.

For fiscal year 1969, it is requested that $8 million be authorized to be appropriated for resource-sharing programs, with such sums as might be necessary for the next 4 fiscal years. Funds may not be spent for providing capital equipment, library resources, or other assets to a single institution. They are intended, instead, to pay the costs of transmission or other charges incident to establishing a network.

EDUCATION FOR THE PUBLIC SERVICE

I would now like to turn briefly to title XII of the proposed Higher Education Amendments of 1968—Education for the Public Service. This program is designed to support graduate education for the public service, through grants and contracts with institutions of higher education. It also authorizes a new program of fellowships on the graduate level for young men and women preparing for careers in Federal, State, or local government.

The need for this legislation is well documented. The Bureau of Labor Statistics estimates that, between 1965 and 1976, State and local governments will need to recruit an additional 2.9 million administrative, professional, and technical personnel, key staff required to perform increasingly complex and technical governmental services. The mangitude of need becomes apparent when one realizes that this figure excludes needs for new teachers.

Although the Federal Government's requirements for new administrative, professional, and technical personnel are not as large, it also needs to recruit a substantial number by 1975—900,000. This demand stems not only from the large numbers who will be retiring in the next

10 years, but also from the growth and increasing complexity of our society, its expanding urbanization and suburbanization, and the rapid technological and economic change in our social institutions.

For example, new types of personnel are needed to plan and administer new multipurpose programs at State and local levels, such as regional economic or resources development projects, model cities, and neighborhood centers programs. The combination of skills needed to plan and carry out such programs successfully requires great sophistication concerning our governmental, economic, and social institutions and systems. But, unfortunately, there are all too few places where such education can be obtained at the present time, and all too little effort is being made to recruit and educate students for entry into these challenging new careers.

Title I of the Education for the Public Service Act would authorize the Secretary of Health, Education, and Welfare to make grants or contracts with institutions of higher education, and with other designated public or private agencies, in special circumstances, assisting them in preparing graduate or professional students to enter the public service. Grants would be equitably distributed throughout the country, among institutions able to use the funds effectively. Preference would be given to programs designed to meet an urgent national need.

Title II of the act would provide financial assistance in the form of graduate fellowships. These fellowships, up to 3 years in duration, would be awarded to students preparing for careers in public services, to encourage more persons to pursue public service careers.

Obviously, the program envisioned by the Education for the Public Service Act cannot fill the enormous manpower needs of our Federal, State, and local governments over the next decade. However, it can contribute significantly to assuring a supply of highly trained men and women who intend to make a career of government service.

I realize that this presentation has covered a large number of programs, old and new. My colleagues and I would be happy to answer any questions you might wish to ask.

Senator MORSE. I will make available to any of your associates an opportunity to make any supplemental statement that they may want to make at our next hearing. It is unnecessary for you to return. You certainly have made an exceedingly able presentation of the Department's case in regard to the legislation pending before the committee. I highly commend you for the great ability that you have shown. It does not surprise me because you have shown it in the past.

I want you to know as far as the committee is concerned, we intend to continue to work closely with you and cooperate with you as you will with us in taking this legislation through the committee with such modification as in our judgment the facts show may be necessary.

We are going to have to make some suggestions for you undoubtedly and some changes in the legislation. There may be some changes in administrative policies, but it is a mutual desire for us to better serve the educational needs of the country.

I want to make very clear to you as I dismiss you from the witness stand that the criticisms this chairman has made during the last 2 days in regard to some administration policies vis-a-vis education are not criticisms of you or of the Secretary nor are they criticisms per-

sonally of the President, but of administration policies. I am quite impersonal about it, but I am going to do everything I can to change those policies in the interests of better serving the educational needs of the country.

On behalf of the subcommittee I want to thank you most sincerely for your fine cooperation.

(Questions of Senator Prouty follow:)

RESPONSE OF OFFICE OF EDUCATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, TO QUESTIONS SUBMITTED BY HON. WINSTON L. PROUTY, A U.S. SENATOR FROM THE STATE OF VERMONT

1. Mr. Harvey Oosdyck, Educational Director of the New York Urban League, testified before the Riot Commission that less than 1% of the youth in Harlem go to college and only 8% of the Nation's disadvantaged high schoolers do so.

What new provisions are there in this bill for equality of educational opportunity for all our students with college potential?

In other words, if only 8% are now attending college, what encouragements are you offering to the other 92%?

Are we doing all we can to help the needy students? Are available loan and grant programs equally available to all?

Response: The consolidated program of NDEA loans, College Work-Study, and Educational Opportunity Grants as provided for in Title IV of S. 3098 constitutes the most effective base for assistance to disadvantaged students which has yet been established. This three part program, if extended for the next five years, could provide for the first time broad access to institutions of higher education for all qualified needy students no matter what the degree of need and no matter what the cost of higher education.

This year, the institutions participating in the National Defense Student Loan Program, College Work-Study, and Educational Opportunity Grant Programs enroll more than 95 percent of the entire higher education population in the nation. In other words, these programs are available virtually to every eligible qualified student no matter where he elects to go to college. Special encouragement is offered disadvantaged students not now going on to college through such programs as the Educational Talent Search activity under Section 408 of the Higher Education Act of 1965 and specialized recruiting programs now being developed by hundreds of colleges participating in the Educational Opportunity Grant Program. The unique new provision in the Bill which reinforces the notion of equality of educational opportunity for all students is the special services for disadvantaged students program. This new grant authority would give the participating college or university special assistance in the development of much needed programs designed to retain the disadvantaged college student in school through remedial education, special counseling, tutorial and other necessary activities.

2. Would you comment on what the Office of Education is presently doing to attract qualified persons to teach in the ghetto and rural slums of this country.

Response: The Office of Education has several programs designed to attract qualified teachers to teach in the ghettoes and rural slums of the country. The Teacher Corps is specifically designed to improve educational opportunities for children from low-income families by attracting able college graduates to a two-year program of professional training and service in poverty area schools. At the current time, Corps teams serve in 124 school systems and study in 49 university training centers in 28 States, Puerto Rico, and thhe District of Columbia. About half the school systems are in the cities and half in small towns and rural areas. There are teams in 19 of the Nation's 25 largest cities, among them New York, Chicago, Detroit Houston Cleveland, San Diego, Buffalo, and Memphis. There are teams in Appalachian towns and in the Ozarks; in migrant communities and in Indian schools; in Spanish-speaking communities in New York, Florida, and the Southwest.

Programs under the Education Professions Development Act, which becomes effective July 1, 1968, will also include training programs designed to attract personnel to careers in the education of children from low-income families, and to prepare them to meet the special needs of these children. The Office of Education is planning to allocate a significant percentage of the funds available to the Com-

missioner under this Act for the training of elementary and secondary teachers of the poor.

In addition, the Higher Education Amendments of 1965 provided for forgiveness of NDEA student loans at the rate of 15 percent per year for teachers in schools in designated low-income areas. Our experience with this provision is insufficient to allow the Office to evaluate its effectiveness in attracting qualified teachers to low-income areas.

3. What percentage of funds in our many institute programs is going for special education programs?

According to the Riot Commission Report, a 1963 survey of Chicago public schools showed that the condition creating the highest amount of dissatisaction among teachers was lack of adequate provisions for the treatment of maladjusted, retarded and disturbed pupils. About 79% of elementary school teachers and 67% of high school teachers named this item as a key factor.

The need for professional support for teachers in dealing with these extraordinary problems is seldom if ever met.

Response: Twelve percent of the funds appropriated for institutes for advanced study under Title XI of the National Defense Education Act for fiscal year 1967 were spent in support of institutes for teachers of disadvantaged youth. This increased to 15 percent in fiscal year 1968. Translated into dollar terms, 4,372,421 was spent on such institutes in fiscal year 1967, and $6,216,070 in fiscal year 1968. Therefore, the amount sent on institutes for teachers of the disadvantaged increased by approximately 42 percent between fiscal year 1967 and fiscal year 1968, while the total appropriation for Title XI activities increased by only 9 percent.

In addition, 36 percent of the funds appropriated for fiscal year 1967 under P.L. 85–926, as amended—Training Teachers of the Handicapped—was spent in education of teachers of the mentally retarded. This amounted to $8,891,072, of a total fiscal year 1967 appropriation of $24.5 million. An additional $2,932,000—11 percent of the total funds appropriated—was spent in the training of personnel to work with the emotionally disturbed.

The above figures represent only a portion of the total effort made by the Office of Education in training teachers to deal with the special problems of the children of the innner city. It is impossible to measure the money expended in support of other subject-matter institutes which was spent in educating teachers of such subjects in the special needs and problems of the disadvantaged.

4. In the same Riot Commission Report, you are quoted as testifying that teachers are unprepared for teaching in schools serving disadvantaged children and that many have "what is a traumatic experience and don't last."

Would you comment?

Response: Studies have shown that many of the economically deprived are also educationally deprived. Their schools are more likely to be understaffed and overcrowded. Their teachers are more apt to be poorly qualified for the difficult tasks they face. Curricular materials are less likely to be available and up to date. The children themselves face other limitations: impoverished family background and environment, lack of books and reading materials at home, absence of cultural experiences common to middle-class homes, low self-esteem.

Statistics tell part of the problem:

Only one in four nonwhite children outside metropolitan areas is enrolled in school at age 5, compared with half the white children in the same parts of the country. In metropolitan areas, about three-fourths of all children, both white and nonwhite, are in school at age 5.

Nearly a million Spanish-speaking children in Southwestern States are unlikely ever to get beyond the eighth grade. Many are only vaguely familiar with English and, since they attend schools where classes are taught in English and speaking Spanish frequently forbidden, they fall behind in the first grade and progressively further behind thereafter.

In the metropolitan Northeast, the average Negro student is about 1.6 years behind the average white student in scholastic achievement in the sixth grade, 2.4 years behind in the ninth grade, and 3.3 years behind in the twelfth grade. In the South, both white and Negro students score below their northern counterparts.

These difficulties are reflected in severe teacher shortages which plague school districts across the Nation. A survey of 39 States showed that in September of 1966, 20 had substantial shortages of applicants for teaching positions; elementary school teachers were most in demand. Shortages affected communities of

every size: 37 States lacked teachers for rural areas; 33 lacked teachers for small cities, 22 for large central cities, and 19 for suburbs.

Within a single system, however, the greatest demand for teachers occurs in impoverished schools; in these areas, school officials experience great difficulty in recruiting both beginning and experienced teachers. In Philadelphia, for example, the overall teaching staff vacancy rate was nearly 11 percent at the beginning of the 1966–67 school year; in elementary schools in poverty areas of the city, the vacancy rate was almost 20 percent. On opening day, New York City had to mobilize a 500-man substitute teacher force for full-time duty.

Books such as Jonathan Kozol's *Death at an Early Age* have described individual reactions to problems the ghetto schools pose for some teachers. Teacher-transfer patterns, from center-city schools to those in more affluent areas, reinforce the conclusion that many teachers are unprepared for the task of teaching in schools serving disadvantaged children.

5. As you know, Mr. Commissioner, the Prouty amendments to Title II of the National Defense Education Act provide for 50% teacher forgiveness at the 10% rate and an accelerated 100% forgiveness at the 15% rate for teachers in slum areas and for those in special education.

Since the Riot Commission has endorsed these provisions in existing law and recommended extending forgiveness to the Guaranteed Student Loan Program for teachers and health workers in poor school districts, is the Office of Education at this time prepared to support the Commission's recommendation in this matter?

Response: As the College Entrance Examination Board Study on Federal student loan programs states, the evidence is inconclusive concerning the effectiveness of loan cancellation as a recruiting device for teachers. The Office of Education does not have information to lead to a different conclusion. There is as yet not enough experience with the 15 percent cancellation for teachers employed in schools enrolling a significant number of disadvantaged students to know whether or not this added incentive does in fact promote and encourage placement of NDEA borrowers in these schools.

It should be noted that the Guaranteed Loan Program is actually directed toward a different population than that served by the NDEA. In contrast to the NDEA, it is designed primarily as a means of assisting middle-income families with the problem of financing increasingly heavy costs of higher education. The NDEA Student Loan Program is clearly aimed at a population of needy students who must have loans and other types of assistance in order to meet the costs of higher education. The growth rate of the Guaranteed Loan Program in the past two years shows very clearly that the borrower population will quickly surpass the borrower population in NDEA just in terms of sheer numbers. The cost of teacher cancellation, which would have to be a direct reimbursement by the Federal Government to the bank, would be prohibitive in a program of this magnitude. This fact coupled with the lack of clear-cut evidence in the NDEA experience relative to the effectiveness of teacher cancellation as a recruiting device does not lead the Office of Education to support the Riot Commission recommendation with respect to loan cancellation in the Guaranteed Loan Program.

6. How much Federal aid is now going for higher education and how much more would it take to guarantee every student from a low income family (a) a $1500 loan, coupled with (b) a $500 grant, and (c) a part-time job under the Work Study Program?

Response: Until a thorough analysis of the variables affecting the costs of such a student aid program has been completed, only very tentative estimates which provide a general idea of the magnitude of such a program can be developed. There are, of course, a great variety of factors which affect the accuracy of such an estimate. First, low family income status, a basic determinant for eligibility, must be clearly defined. Considering the rising costs of higher education which places an increasing burden on even the middle income family, the customary definition for a low income family of $3,000 per year may indeed be too narrow.

A second factor influencing participation of students in such a program relates to the motivation of students to pursue higher education. One of the basic objectives of such a student aid program would be to induce academically qualified high school graduates from low income families who do not now continue their education to take advantage of the aid under this type of program. Yet estimates of this current talent loss are difficult to determine because the deci-

sion to pursue higher education is affected by many factors other than just financial considerations.

Third, more information is needed concerning the college attendance patterns of students from low socioeconomic backgrounds. Answers to the questions of whether these students are more likely to attend low-cost institutions, and whether they are more likely to live at home while attending college become crucial when determining the total financial needs of students and calculating an average award per student on which total program costs can be based.

Finally, there is a serious question as to whether a loan program is the proper vehicle to insure equal educational opportunity for these students. Although further study is necessary, there are some indications that students from low income families are less willing than students from high and middle income families to assume loans as a means to finance their education. Some consideration, therefore, should be given to make a loan program a supplemental rather than an integral part of a basic student aid program.

Program estimates indicate that the current effort to provide financial assistance to students from low income families through the National Defense Student Loan, the College Work-Study, and the Educational Opportunity Grant Programs totals some $430 million. Keeping the qualifications stated above in mind, it is estimated that in order to make equal educational opportunity a fact for every qualified potential student coming from a low socioeconomic background this current effort would have to be increased by an additional $400 to $600 million. As indicated before, it is very difficult to provide definitive answers to this question at this time, because precise data regarding characteristics of the student universe and college attendance patterns are currently not available. However, a contract has been negotiated with Project Talent to provide the most recent data from which more rational and meaningful estimates can be made.

7. The A.F.L.–C.I.O. Executive Council recently issued a statement on current problems and needs in the field of education. Rather than making student loans more profitable to the banks, Congress should, in the view of the A.F.L.–C.I.O., return to the principle of government loans such as have been available on a limited basis through the National Defense Education Act. Government loans are surer to get to the student who needs them, and they are less expensive in the long run than the guaranteed private loan plan.

Would you comment.

Response: It is true that the most certain way to place appropriate amounts of loan assistance in the hands of a student is through an institutionally administered program such as the National Defense Education Act. In years when the NDEA has been fully funded, that is, the funds appropriated for the program plus the institutional matching contribution have equalled the requirement throughout the country for funds, virtually no qualified student has been denied access to a loan. In years when budget constraints are such that the program cannot be supported at the required level, there must, of necessity, be certain students who cannot receive loan assistance. With the amendments presently contained in S. 3098, we believe that the Guaranteed Loan Program will be made available to many more students than is presently the case. Thus, an extended NDEA Loan Program and an expanded Guaranteed Loan Program should go very far toward meeting the entire national requirement for this sort of financial assistance.

8. Would you comment on the plan proposed by Drs. Brewster and Killingsworth which suggested that funds to finance a student's education should be made available in return for an agreement by the student to re-pay such an investment in his education through the addition of a specified percentage to his Federal income tax rate during his productive, earning years.

Response: The same type of proposal has also been advanced by the study group headed by Jerold Zacharius of MIT. There are certain very fundamental policy issues which must be carefully examined before proceeding with the development of such an idea.

For instance, the notion that the student should borrow the entire cost of his higher education shifts to the student himself a burden which is presently being shared by the students family by State and Federal Governments and by institutions themselves. The plan also precedes on the assumption that an 18-year old high school graduate is in the best position to determine which educational program at what price level is the best for him. Parents, high school teachers and counselors would, I think, generally agree that the student himself is least likely

to be able to make this sort of choice without much expert adult guidance and assistance. Finally, the whole concept is highly inflationary insofar as the pricing structure of higher education is concerned. That is to say, the infusion of such a heavy volume of credit could lead to rapid escalation of prices in areas where the quality of the educational program did not justify such escalation. Finally, the entire proposal smacks somewhat of indentured servitude, in that students who borrowed under it would in fact be committed to payment forever during their earning years. There is a real doubt in the minds of many educational economists as to whether or not the student who moves into the upper earnings brackets during the first 20 years out of college would in fact be willing to pay back much more than he had originally borrowed. There is also a very real question about the capability of women to repay total amounts which they have borrowed under such an open ended program. It is true that two out of five NDEA borrowers are women but the average amount borrowed is small enough so that can be retired easily within the ten year period.

9. The Administration is proposing several new programs such as Title III, Sec. 302, Strengthening Graduate Education; Title IV, Part C, Sec. 441, Special Services to Disadvantaged Students; Title IX, Networks for Knowledge; Title XII, Education for the Public Service. While they are all of potential worth, is it not advisable in view of new cuts in Federal spending to concentrate what money is available on established proven programs.

Response: The Office of Education feels that enactment of the proposed new programs would place in being real opportunities for the world of higher education in the years ahead. Since this is a period of budget constraints, it is proposed that the new programs be funded on a small basis to get them started. As additional funding possibilities do become available, these programs will represent a much broader base of legislation on which to mount the increased appropriations.

Delay in enactment of the proposed new programs could have a serious impact on the higher education community. Even though the estimated funding levels are low, enactment at this time could allow institutions of higher education to conduct planning activities, thereby assuring high quality programs when additional funds became available. Delay of the program for Special Services to Disadvantaged Students could have irremediable impact on those high risk students now being encouraged to enter higher education, for whom no programs exist to meet their special needs once they have entered college.

10. In the notes and working papers concerning administration of programs under the student financial assistance statutes, the recommendations of the study group (College Entrance Examination Board) include various changes in the National Defense Education Loan Program and the Guaranteed Student Loan Program to make these programs more responsive to the needs of the poor students. Instead of spending money on expensive new and untried programs to help the disadvantaged doesn't it make sense as the study recommends to be sure that additional restrictions on needy students do not serve as possible sources of discrimination. Wouldn't it also be sensible as the Study Group has recommended to make a financial need a condition of eligibility for the Student Guaranteed Loan Program. More funds are thus available to the student who truly needs them.

Response: The additional restructions on needy students referred to in the question above is taken from a section of the College Board Study dealing with eligibility criteria under the statute and under institutional administration of the NDEA Student Loan Program. The most common form of additional qualification is the imposition of a grade point average below which a student may not receive financial assistance even though he is in good academic standing. Other categories of students excluded from the loan program by institutions themselves include first semester students, transfer students and married students. The most common basis for the imposition of a grade point average lies in that part of the statute governing the NDEA which stipulates that special consideration be "given to students with a superior academic background". In order to broaden the applicability of the NDEA Loan Program, we are recommending that this special consideration language (which does not appear in the EOG and Work-Study statutes) be eliminated from the NDEA Loan Program. The rational behind categories of institutional restrictions generally stems from a lack of sufficient loan funds to meet all student applications. This in turn, requires the institution to do some sorting and selecting, which must be consistent with the law and regulations governing the program.

As has been indicated earlier, we are opposed to the introduction of the usual test of financial need in the Guaranteed Loan Program simply because the program is designed to be of maximum support to middle and even upper income families who are judged by an institution of higher education to be capable of paying for the cost of higher education out of income. Since the Guaranteed Program is oriented toward a different population, it should not be filtered through the same eligibility devices as those governing the NDEA. On this point, the Office of Education differs most vigorously with the recommendations of the College Board Study.

11. The hearings we have already held on Student Financial Assistance, as well as the Kirkpatrick report and other documents, substantiates my feeling that we lack a sense of direction in our aid to post-secondary education. What is your reaction to the Universal Post-secondary Educational opportunity amendment offered by Sen. Yarborough last September.

The Administration proposes (Title XI, section 1102) to substitute a flexible interest rate based on current average market yield of comparable government obligations for the present three percent rate on academic facilities loans. Wouldn't this substantially increase the present interest rate?

Wouldn't such an increase be a great burden on college and university construction, already faced with a serious cutback in funds available for building programs?

Might it not force an unwanted increase in college charges to students to enable the colleges to meet the cost of higher amortization of loans?

Response: The prime response concerning the amendments offered by Senator Yarborough in September 1967 (amendment number 310 to S. 1126, the Higher Education Act Amendments of 1967) is contained in the President's message to the Congress on education, dated February 5, 1958.

"A Strategy for Higher Education". The programs I am presenting to the Congress today are aimed at solving some of the problems faced by our colleges and universities and their students in the years ahead. But accomplishing all these things will by no means solve the problems of higher education in America.

To do that, we must shape a long term strategy of Federal aid to higher education : a comprehensive set of goals and a precise plan of action.

I am directing the Secretary of Health, Education and Welfare to begin preparing a long-range plan for the support of higher education in America. Our strategy must : eliminate race and income as bars to higher learning. Guard the independence of private and public institutions. Insure that State and private contribuitons will bear their fair share of support for higher education. Encourage the efficient and effective use of educational resources by our colleges and universities. Promote continuing improvement in the quality of American education. Effectively, blend support to students with support for institutions.

Such a strategy will not be easy to devise. But we must begin now. For at stake is the decision of vital importance to all Americans."

Senator MORSE. We stand in recess until 9 o'clock in the morning.

Senator YARBOROUGH. Mr. Chairman, certain points that I have raised, I am not in full agreement with you but they are minor compared to what I think is the tragedy of Federal legislation in the field of education compared to what other branches of the Government are doing.

We in the Congress passed laws authorizing the expenditure of certain amounts of money thereby committing the pledge of the Congress that we will appropriate that money. The Appropriations Committee cuts it to pieces and you get just a fragment of what you testified for and what we authorized.

Then the Bureau of the Budget comes along and cuts even that appropriation to pieces by putting a freeze on it.

You are not responsible for either one but you can see the difficulties we have: The legislative branch failing to appropriate the moneys we authorized and then the executive branch freezing the small amounts we appropriate. Those are the two roadblocks you have to overcome to enable you to do your duty.

We raised some questions about your recommendations. I recognize the bigger amounts are not yours but theirs.

I commend you for your ability and for the views of your office.

Mr. HOWE. I thank both of you gentlemen, and let me say that I will welcome your assistance in getting from the Appropriations Committees what we have asked them for.

Senator YARBOROUGH. I am No. 26 out of 26 on that committee. I am the low man on the totem pole and I realize what a difficult job there is ahead for all of us.

Senator MORSE. You may deliver a message to the White House for me that there is a better chance of getting the appropriation if he would stop freezing it after we get it.

We stand in recess until 9 o'clock tomorrow.

(Whereupon, at 10:45 a.m. the subcommittee recessed to reconvene at 9 a.m., Wednesday, March 27, 1968.)

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