

We respectfully urge, therefore, that section 1001 be deleted. May I now address your attention to a second concern. This has to do with part C of title IV of the bill now before you. Unless the Higher Education Act of 1965 is amended, the so-called work-study program will require, beginning in the next fiscal year, an increase in the non-Federal matching share for the support of student employment from 10 to 25 percent.

When the legislation was enacted, this seemed a reasonable provision and we supported it. We believed that institutions would be stimulated to find work opportunities for their students both on and off the campus, and that once these work opportunities had been discovered, it was logical to expect that at least 25 percent of the load would be underwritten by non-Federal sources.

Two things have become apparent since that time. First there are many institutions with inadequate resources, whose student bodies in general come from families who are most in need of assistance, which have found the work-study program a godsend. But often they are in rural areas or in rundown urban areas that do not have job opportunities readily available. I might add parenthetically that some of these institutions do not belong to any of our associations, and their voices are, therefore, not readily heard. We believe these institutions are going to have a terribly difficult time increasing the matching share from 10 to 25 percent. We are fearful that the increase will simply lead to a reduction in the number of jobs available.

Mr. QUÉ. What are these institutions? Are they some institutions that chose not to or are they a type of institution that does not belong?

Mr. MORSE. We have an automatic requirement that an institution be accredited regionally, and many institutions can get the benefits of Federal legislation through indirect routes of submitting letters indicating their credits are acceptable.

They can participate in the program but do not belong to our association.

Dr. Gross. There is a second factor which was not anticipated in 1965, namely, the extension of the Fair Labor Standards Act to cover all colleges and universities. We do not argue against the desirability of paying students a decent wage, but we do point out that those institutions which will have the most difficulty in meeting the increased non-Federal share of the work-study program will undergo the dual impact of increasing pay for student employment to meet the minimum wage. Since this minimum wage goes up by 15-cent annual increments for 4 years until it reaches \$1.60, we believe the strains on institutional budgets will be such as to do severe damage to this highly successful federally subsidized student work program. We are grateful that the bill before you recognized this and proposes that the ratio be changed to provide for an 80-percent Federal, 20-percent non-Federal participation. We would urge, however, that the current 90-10 ratio be maintained.

There is in the bill before you—section 436—a proposal to allow institutions to utilize a part of their institutional allotments for administrative expenses in connection with the arranging cooperative education programs. This in line with the current provision in the act to allow the use of funds for administrative purposes in off-campus employment in nonprofit enterprise.