of last week, informs us that "seed money" for vocational loans has gone to only twenty-four states. Agreements to operate the vocational program have been signed in only twenty-six states as follows:

State Agencies	4
State Agency under contract with USAF	5
United Student Aid Funds under contract	16
United Student Aid Funds limited contract	1
Total states	26

DO VOCATIONAL STUDENTS HAVE ACCESS TO DIRECT LOANS?

Possibly by now the USOE has clarified its statement of last week to this Subcommittee that there is also in the Vocational Loan Program a provision which would say that if some students are not able to get loans at the bank under the Guaranteed Loan Program there would be a direct loan program available to them. It is our understanding and information that no money has ever been requested and no money has ever been appropriated to implement the Sec. 10 Direct Loan provision of the vocational loan program.

THE NEED IN ALABAMA IS UNMET

Attached to this statement as Exhibit "A" are copies of a number of letters written by and received by Mrs. M. L. Gaston of the Booker T. Washington Business College of Birmingham, Alabama. These letters illustrates graphically the plight of vocational students who cannot get access to bank loans. These are the students who cannot get loans whether credit and interest rates are high or low. These letters point out why the Vocational Loan Insurance program is not doing the job. While these letters concern primarily needy Negro students. I am confident that the same problems apply to poor white students.

The Booker T. Washington Business College has ten to fifteen calls a day on how to get vocational loans. The school has been carrying students since last September who are unable to pay tuition. What a difference access to Title II NDEA loan funds would make!

These letters graphically show that poor children whose parents don't have bank accounts or credit experience are not going to get loans whether credit is "easy" or "tight." The bank replies show an expressed policy of reserving available funds for regular customers with credit experience.

Mrs. Gaston, who serves as a member of the Advisory Council on Insured Loans to Vocational Students, notes further that the demand for graduates far exceeds the number trained. She says they get four to six calls every day for secretaries.

WHAT ARE THE BUDGET EFFECTS OF AMENDING NDEA

It has been alleged that an expansion of NDEA to include needy students in accredited proprietary institutions would necessarily involve planning for additional students in additional institutions. But in the overall budget picture it would represent a judicious reallocation of student financial aid which would permit public and private nonprofit institutions to reallocate their own total budgets more effectively.

Additionally, with the prospect of a $50,000,000 overage in view there may be no need for any reallocation of NDEA student loan funds. The budget request for fiscal 1968 is $190,000,000. The projections given to the Subcommittee last week were rounded off at $240,000,000 based upon proposed amendments to the NDEA financing method.

The USOE sponsored study by the Stanford Research Institute has shown conclusively that some students are motivated and are educated better in a proprietary institution even though the same program is offered at no charge in a public institution. But what are the true costs of inducing a needy student to enroll in or remain in a public institution when he really should not be there? This too is a budget factor.

A 1966 Oregon study of Education Beyond the High School [5] is most exhaustive and detailed on the whole subject. Statements by the American Council on Edu-

[5] "Education Beyond the High School," A Projection for Oregon, a report of the Post-High School Study Committee appointed by the Educational Coordinating Council, October 7, 1966. See page 51, Table II.