THE UNIVERSITY OF TEXAS,
Austin, Tex., April 25, 1967.

MEMORANDUM

To: Dr. Norman Hackerman.
From: John Dodson.
Subject: Comments on H.R. 6232.

In regard to Title IV amendments in H.R. 6232 (pages 12–41). I am in favor of the changes in general. On certain problems, the following comments are offered:

1. Amendments to Educational Opportunity Grants Program.

a. Sec. 402 (p. 13): Practically all student financial aid administrators *strongly favor* this amendment because it will help prevent possible excessive financing of some students and provide a better means of packaging aid to suit individual needs of students.

b. Sec. 403 (p. 13): The authorization of grants as well as contracts for talent search projects provides more flexibility in funding for these projects.

2. Amendments to Provisions on Student Loan Insurance Programs. (pp. 23–30).

a. While in agreement with general changes proposed, I feel the bill falls short of proposing needed changes to offer lending institutions more incentive to participate in the loan program. Most of the amendments in H.R. 6232 are beneficial to the borrower, whereas most of the problems with the loan program thus far have been concerned with lending institutions' reluctance to make the loans.

b. Congress should attempt to include provisions for simplifying administrative requirements of the program, especially to relieve lending institutions of so much red tape in the paperwork now required.

c. Congress should allow for the raising of interest rates on the loans to 7 per cent as an inducement to lending institutions. This measure is already authorized in the Higher Education Act of 1965 provided that Congress deems it advisable, but no mention is made in H.R. 6232 of the intent of Congress to put the measure into effect.

3. Amendments to College Work-Study Program (pp. 23–30).

Student Financial Aid Associations throughout the country, including the National Student Financial Aid Council, have overwhelmingly supported retention of the present ratio of 90 percent Federal and 10 percent institutional contribution for student wages in the College Work-Study Program. The change to an 80:20 ratio may severely handicap some smaller colleges, especially those struggling in their development of improved academic programs.

4. Amendments to National Defense Student Loan Program (pp. 30–41).

All amendments are acceptable. However, most business managers and financial aid administrators at educational institutions strongly favor a change in computation methods for reimbursing institutions for administrative costs of the National Defense Student Loan Program. Present regulations provide for reimbursement on the basis of "one percent of total notes receivable at the end of the fiscal period" or "five percent of total administrative costs," whichever is the lesser. The "one percent of notes receivable" method appears to the more practicable method and eliminates time-consuming and extremely difficult cost accounting.

No mention is made in H.R. 6232 of the House's intent to amend this provision, and I feel that suggestion should be made to do so.

The foregoing comments cover that portion of H.R. 6232 pertaining to student aid programs for which I am responsible. I shall be glad to confer with you or to furnish further written comments if you desire more detail.

JOHN H. DODSON.
Director, Student Financial Aids.

SOUTHWEST TEXAS STATE COLLEGE,
San Marcos, Tex., April 19, 1967.

CONGRESSMAN J. J. PICKLE,
U.S. House of Representatives,
Washington, D.C.

DEAR JAKE: Thank you for your letter of April 17, offering me the opportunity to express my views on the new Higher Education Bill.