TABLE I.—DESCRIPTION OF PROGRAMS BY STATES

1. State Agency Administered—Comprehensive Program:

California	Michigan	Oklahoma
Connecticut	New Jersey	Pennsylvania
Georgia	New York	Vermont
Illinois	North Carolina	
Indiana	Ohio	

2. Private Nonprofit Agency Administered—Comprehensive Program:

Arkansas [1]	New Hampshire
Maine (Administered by USAF)	Rhode Island
Massachusetts	

3. State Agency Administered—Limited Program:

Louisiana	Tennessee	Virginia

4. State Agency Contract with USAF—Comprehensive Program:

Alabama	Iowa	New Mexico
Delaware	Kentucky	South Dakota
Florida	Maryland	Utah
Hawaii	Mississippi	

5. OE Contract with USAF—Comprehensive Program:

Alaska	Minnesota	Oregon
Arizona	Missouri	Puerto Rico
Colorado	Montana	South Carolina
District of Columbia	Nebraska	Washington
Idaho	Nevada	West Virginia
Kansas	North Dakota	Wyoming

6. OE Contract with USAF—Limited Program:

Louisiana	Tennessee	Virginia
Oklahoma [2]	Texas	

7. Direct State Loan Program:

Florida	Texas
North Dakota	Wisconsin

[1] OE contracted with USAF to operate a comprehensive program in Arkansas. Subsequently, a quasi-State agency has been established in Arkansas.
[2] OE contracted with USAF to operate a limited program in Oklahoma. Subsequently, Oklahoma laws have been revised to make that a comprehensive program.

This situation may be attributed to several factors: many States by law or regulations guarantee loans only if they are made by lenders located within the State, and some may not guarantee loans to State residents attending school out of State. In addition, most States, due to shortages of reserve funds, do not guarantee loans to half-time students and those who do not qualify for Federal interest benefits. Many lender groups appear to be in general agreement that guaranteed loans under present economic conditions are loss loans. This, along with the burdensome paper work, is a major obstacle in preventing the program from reaching its full potential. These lenders believe that not enough consideration has been given to the costs of "paper work" of the program. Considerable communication is required among the participating groups in the making of a loan: the involvement of the student and his family, lending institutions, State and private guarantee agencies, colleges, universities, and the Federal Government. Expenses are particularly higher when the loan is in the repayment stage. Records must be maintained on the borrower as he moves about the country, transfers from one college to another, or enters the military service, Peace Corps, or VISTA. All of this requires considerable paper work by State and private, nonprofit guarantee agencies and lenders.

In addition to this expense, higher interest rates have destroyed the rough comparability between returns on guaranteed student loans and those on competitive uses for money. In part, the reluctance of lending agencies to participate more vigorously in the program is a reflection of the difficulties of launching a program which calls for a 6 percent interest payment and long repayment terms. Few Federal credit programs have as many prospective customers, as wide a range of