"In the entire metropolitan area of Miami, there is not a single bank participating in this student loan program," he said.

"The inducements afforded by the Higher Education Act of 1965 have not been sufficient, in view of the tight money situation and the high cost of education loans, to bring forth the steady stream of private loan money which the Congress sought as a substitute for direct federal loans to students."

(Pepper's statement follows a recent Sun editorial pointing out the problems and urging some action.)

Pepper introduced legislation to amend the 1965 act to empower the President to raise the maximum interest rate above six per cent if he found higher interest rates were necessary to make the program effective in any region of the country. The federal government would pay all of the interest cost over three per cent.

Pepper's bill would also permit the federal government to pay fees of up to $35 for processing, consolidation or conversion of a student loan, and up to $1 for each installment during the repayment period after the student's graduation.

As in the present 1965 loan act, the federal government would pay all of the interest while the student is in school and all of the interest over three per cent during the 5 to 10 year repayment period.

[From the Palm Beach Post, Aug. 3, 1967]

Representative Pepper Introduces Bill To Aid Faltering U.S. Student Loan Program

The national student loan program may be in "bad shape" nationally as U.S. Rep. Claude Pepper told the House of Representatives Wednesday, but in this area several banks are participating in it.

The Democrat from Miami made the assertion about city hospitals as well as the loans for students in introducing two separate bills to broaden both programs.

The student loan program, was designed to encourage private local banks to make loans to students as a substitute for direct Federal student loans, is faltering badly, said Pepper. He blamed the current tight money, high interest situation.

Under the Higher Education Act of 1965 the maximum interest a bank can charge is 6 per cent, with the Federal government paying all interest charges while a student is in school and all interest above 3 per cent during the repayment period after his graduation.

Pepper's bill would continue these provisions but allow the President to raise the six per cent maximum interest rate.

He said no bank in metropolitan Miami participates in the program.

At least five banks in this area do participate.

They are the First Marine Bank and Trust Co. of Riviera Beach, the First Bank of Jupiter-Tequesta, the First Bank and Trust Co. of Lake Worth, the First National Bank in Palm Beach and the Bank of Pahokee.

Officials of all the banks said their participation in the loan program was strictly a service to their communities and to their customers.

They pointed out that under the act the loan period could be extended to as much as 13 years and that with all the red tape involved the six per cent interest barely, if at all, covered the bank's cost.

The Community Federal Savings and Loan Association of Riviera Beach does not participate in the Federal program, but makes student loans at eight per cent simple interest repayable over an eight-year period. The loans, however, are made to the student's parents.

The other bill introduced Thursday by Pepper would authorize Federal grants to city hospitals up to two-thirds of the cost of modernization and expansion that meet certain criteria such as over crowding.

Pepper said the Hill-Burton program of aid to hospitals is aimed at rural hospital development and serves a good purpose, but new federal aid to city hospitals is called for.

[From the Miami News, Aug. 4, 1967]

Banks Don't Aid Students

Not a single bank in the entire Miami metropolitan area participates in the federal student loan program, Congressman Claude Pepper said today in urging Congress to bolster the program.