

to encourage State and private nonprofit guarantee programs. It has worked remarkably well. It should not now be tossed aside.

In just one school year—that's all the time we've had since passage of the Higher Education Act—the annual volume of loans guaranteed by State agencies and United Student Aid Funds has jumped from \$150 million to \$400 million. It is expected to soar this year to as much as \$750 million. More than 13,000 lending institutions are now making guaranteed loans.

Before passage of the Higher Education Act, only 17 States had their own guarantee agencies. Today there are 34 such agencies—and this in the face of a standby Federal guarantee program, which was obviously ready to do the job if these States merely stood by and did nothing.

This is an important point to consider because in many States they said, "Why should we do it because if we don't appropriate our own money, the Federal guarantee program will step in and take care of our students anyway."

We have, in being, a solid, tested arrangement for aiding deserving college students. It is growing steadily, soundly, and rapidly. Yet you are now asked, obviously for budgetary reasons in our view, to dismantle this proven program and substitute a last-minute, jerry-built structure that has all the philosophical and practical weaknesses of a full Federal guarantee with a few, if any, compensating advantages. A four-fifths guarantee is not fully Federal, certainly not fully private, not State operated. It is neither fish nor fowl.

I have said that 34 of the 50 States now have their own loan guarantee or direct loan programs. That leaves only 16 states which have yet to set up loan agencies. Surely, by any judgment, 34 participating States, doubling the number in less than 2 years, represents an impressive achievement. I cannot say—nor can anyone say with certainty—that all the 16 remaining States will or will not fund their own guarantee programs at their next legislative sessions. But certainly many of them will. Should they not be given a chance? After barely one school year—and in the face of very good progress—should we toss the present program aside for an uncertain and untested substitute—a substitute with perhaps fatal flaws?

Here I would like to add that none of us has done as much in this area as we would like to have done, but we think there has been excellent progress made.

On August 9 the administration recommended that Congress authorize \$12.5 million in additional "seed money" for fiscal 1969. This point I would like to have you carefully consider. This would be available to the States on a dollar-for-dollar matching basis, and under the whole August 9 plan this "seed money" fund would then be eligible for the coinsurance multiplier factor. This, then, would mean that every Federal dollar would become two when matched by a State dollar and would become 10 when the five-times coinsurance multiplier is applied to it.

Arithmetically, all this is unassailable. But there seems to us no practical likelihood that these funds would be available for the school year beginning September 1968. Yes testimony before your committee flatly asserts that—while no new seed money is asked for this fiscal