from the Federal program if the coinsurance went through. Is that correct?

Mr. MARSHALL. Let me state our position this way.

We were first asked if we would administer the 100-percent Federal guarantee plan in certain States. We said no, because we would then become a simple clerical arm of the Federal Government.

In other words, there are plenty of organizations that have clerks that can do this. We did not visualize that our distinguished trustees and others were in the business to administer clerical operations.

As we see the four-fifths guarantee, it is an 80-percent step down that road, so we would not be interested in administering this kind of program on behalf of the Federal Government.

But we are not withdrawing anything. We are not withdrawing from any of our participating contracts.

Mrs. GREEN. I am going to ask unanimous consent to include in the record at this point a letter which I received from the executive secretary of the coordinating council in Oregon in regard to the action that the States would take, related to your testimony.

(The document referred to follows:)

STATE OF OREGON,
EDUCATIONAL COORDINATING COUNCIL,
Salem, July 14, 1967.

Hon. EDITH GREEN,
House of Representatives,
House Office Building,
Washington, D.C.

DEAR MRS. GREEN: It has recently been brought to my attention that certain states will benefit from further Federal subsidies under the Federal Guaranteed Student Loan Program that appear to be inconsistent with previous representations made by the U. S. Office of Education. The Oregon State Legislature passed into law a Guaranteed Student Loan Program for the 1967–69 biennium after the Educational Coordinating Council had been advised that no further Federal appropriations would be available, and if the program were to continue, it would be through State initiation only. It was on this advise and in good faith that the state of Oregon acted.

Now, current law has the U.S. Commissioner of Education making direct grants to states which have used their present allocation of guaranteed funds. The only way for those states to participate is by allowing the Office of Education to make loans without regard to state administration and lending organizations. It is our feeling that this action is inconsistent with the earlier representations and that states failing to comply with these representations and the intent of the Guaranteed Student Loan Program now stand to receive what we consider to be an inequitable benefit. This will, of course, place the state administrators of the program and their lending organizations in an uncomfortable light with their respective legislative bodies. If the Federal Guaranteed Student Loan Program is to continue to receive Federal reserve subsidies, it is our strong belief that these reserves be equitably distributed among all states regardless of their stage of development.

More importantly, we believe that the law should be amended to allow the U. S. Office of Education to implement the Federally insured program through state or nonprofit agencies only, and that there be no provision for direct Federal guarantees for the student applicant. Also, the law should allow a means of defraying the administrative costs of the program. If the Federally subsidized reserves are to be continued, it is our feeling that the fee of one-half of one percent would be appropriate.

Your urgent attention to this matter would help assure the equitable implementation of the Guaranteed Student Loan Program.

Sincerely,

BEN LAWRENCE,
Executive Director.