

Mr. GIBBONS. Excuse me, Madame Chairman.

The oral part of his statement is in the record. Do we want to put the appendixes in the record? I think we should.

Mrs. GREEN. I would ask unanimous consent that the rest of his statement be put in the record.

Without any objection, it is so ordered.

(The pages referred to follow:)

APPENDIX A

UNITED STUDENT AID FUNDS AND THE HIGHER EDUCATION ACT OF 1965

In his January 1965 education message to Congress, the President recommended a *Federal* guarantee of student loans. When we learned of this proposal, we promptly undertook what became a six-months effort to convince the Executive Branch of three essential points—(1) a *Federal* guarantee was not needed; (2) non-Federal guarantee agencies were able and willing to meet this national social need; and (3) a Federal guarantee operation would quickly depress and soon kill off all non-Federal guarantee services. In these discussions with the Executive Branch, we had the able cooperation of the American Bankers Association and of spokesmen for state guarantee agencies.

Our arguments prevailed, and in July of 1965 the Administration modified its earlier recommendations to reflect the changes we had been seeking. The Act became law on November 8, 1965. It provided in Title IV, Part B, that state and private nonprofit agencies would furnish the loan guarantee service—with the originally proposed Federal guarantee placed on a standby basis, to become operational only if and when the non-Federal agencies proved unequal to the task.

Other witnesses have told you of the extensive delays which set in after the bill was signed; how all participants waited until the opening of the 1966 school year before the required Federal activities were under way. I won't repeat that story in detail here. I will emphasize the two main points of early Federal involvement, however, because undue Federal delay and unwise Federal paperwork requirements relating to them bear importantly on everyone's performance record. The law provided that up to a certain income level the Federal government would pay the interest on behalf of every borrower. It also provided that some repayable "seed money" advances be apportioned by the Office of Education among the states on behalf of their college-age population.

The states were uncertain as to where they stood until ground rules for the repayable "seed money" advances were worked out; that was not until the late days of August, 1966. And everyone—borrowers, lenders, guarantors—needed to know the Federal paperwork requirements on the interest subsidy matter. These paperwork requirements were also long delayed. Then they came in stages. Despite the most earnest advice from those experienced in the field, and despite the most urgent entreaties of those to be most directly affected, these initial paperwork requirements were—in a word—staggering.

All these hurdles were coupled with a critical shortage of loan funds brought on by the tightest money situation in more than forty years. The Fall of 1966 was indeed a most uncertain time to begin the first year's trial of a new program—a new concept in trying to meet a pressing national social need through state and private effort.

In assessing the help made available to America's college students in the school year just closed, several things must be said. First, and foremost, we have a long way yet to go. No responsible observer can say we have reached a level even approaching the goals to which we all aspire, and to which we in the United Student Aid Funds corporation are dedicated. Having said that, however, I must also say that—given the difficulties which beset loan guarantee service in 1966 and plagued it well into 1967—the performance record for the school year just closed is impressive and encouraging. Many statistical yardsticks might be used in analyzing last year's record. I regard as most significant the index which shows that the total dollar volume of these loans rose from approximately \$150 million in the 1965-1966 school year to just about \$400 million in the school year of 1966-1967. This, I remind myself, is an increase of one-quarter of a billion dollars in the tightest money situation of half a century. We look for an even greater increase this coming school year—to a volume of some \$750 million—assuming that going programs are encouraged and not impeded.