

close of Fiscal 1966, tabulations show that of the 1,639,280 loans made, 77,087, or 4.7 of these appeared to be delinquent; in terms of the amounts involved, of the \$823,928,223 loaned to all students, an estimated \$7,836,210 was delinquent as of June 30, 1966. If one were to derive the percentage of accounts past due by computing the amount of money due but uncollected as a percent of the total amount due, both collected and uncollected, the delinquency rate for FY 1966 would be reported as 19.6 percent. This was the method employed by the Student Loan Program at the time the first report on delinquent accounts was published in June, 1966. However, commercial loan establishments report loan delinquency percentages as the amount due but uncollected as a ratio of the total outstanding loan indebtedness. Employing this latter method—i.e., taking the amount past due (\$7,836,210) as a percentage of the total in loans outstanding (\$739,523,000)—the rate of delinquency in this program would be 1.0596 percent. Insofar as comparability with non-Government establishments is concerned, the latter method provides a far more meaningful figure.

Although the collection problem is recognized, the overall collection picture is not as dismal as it at first appears. In view of our recognition of the magnitude of the collection problem, action was taken to review carefully all aspects of the Program so as to identify the major problem areas in order that corrective action could be initiated promptly.

To this end, we believe we have been reasonably successful. In previous reports, there have been reported a number of factors which unfavorably influenced the prompt and full collection of many of the loans made under the Program. It is, therefore, our belief that it is not necessary to repeat those factors again in this report. Some of the factors previously enumerated were considered by the Congress which passed legislation designed to minimize the effect of those unfavorable factors. The effect of the legislation passed appears to have had an impact on the Program and some degree of stabilization has been achieved in slowing the pace at which student loan repayments were being neglected.

Perhaps, the most promising and encouraging activity undertaken in this regard is a special effort which we in-house rather affectionately call "Project 100".

"PROJECT 100"

"Project 100" was conceived in the early Fall of 1966 as a means of exerting a concentrated and continuous effort to improve the administration and financial management of the National Defense Student Loan Program in a selected group of institutions. Because of the large number of institutions in the Program and because of our limited professional staff, it was realized early that in order to do an effective job, the colleges and universities included would of necessity have to be restricted to a manageable number. It was our considered judgment that by careful scheduling, we would be capable of working on an intensive basis with approximately 100 institutions throughout the Nation. The name, "Project 100" was derived from this decision.

PURPOSE

More specifically, the purpose of "Project 100" is:

- (A) to effect a substantial reduction in the number, percentage, and amount of past due loans;
- (B) to correct such identifiable weaknesses in the administration of the Program as may contribute to the development of poor collections and audit exceptions; and
- (C) to evaluate the effectiveness of such efforts.

SELECTION INSTITUTIONS FOR INCLUSION

The institutions included on the preliminary roster of the project were selected from the total list of participants in the Program on the basis of a summary and comparison of the FY 1965 and 1966 Repayments' Reports. The preliminary selection took into consideration the *number*, *amount*, and *percentage*² of past-due loans. Also considered was the history of past performance, the frequency

² Computed by taking the amount of money due but uncollected as a percent of the total due, both collected and uncollected. Using this basis, these schools represented a total delinquency rate of 47.6 percent, in Fiscal 1966, as compared with the national total of 19.6 for the same reporting period.