I will discuss each of these proposals in some detail at a later time. I would first like to describe the proposed combined student aid program, which the President has called the Educational Opportunity Act of 1968.

EDUCATIONAL OPPORTUNITY ACT OF 1968

This year marks the tenth anniversary of the National Defense Education Act of 1958 and the landmark student loan program contained therein. During that 10 year-period, additional programs for student aid have been added to create a comprehensive, federally supported, package of student aid made up of loans, direct grants, and work-study grants. In a 10-year span the number of participating institutions in these student aid programs has doubled, from 1,100 to 2,200. The dollar amount of funds provided to students has increased tenfold, from $59 million in loans in the first full year of the NDEA loan program to an estimated $510 million this year in the three parallel programs of NDEA loans, student employment, and Educational Opportunity Grants. The number of students served by these programs has increased nearly sevenfold over the 115,000 borrowers in the first year of NDEA student loan activity.

Such developments should not be measured in terms of Federal dollars alone. These 2,200 institutions of higher education also administer an amalgam of institutional, State, and private student aid programs estimated at in excess of $550 million for the current year. When combined with the 1967–68 Federal programs, undergraduate student assistance alone exceeds $1 billion.

Of more recent establishment and in a somewhat different context than the three college-administered programs is the Guaranteed Student Loan Program. The major objective here is to provide long-term deferred-payback commercial loans to assist middle-income families in offsetting the increasing cost of higher education. Administrative arrangements are centered on State loan guarantee agencies, with the Federal government providing an interest subsidy for students whose adjusted family income is less than $15,000 per year.

The growth of this program has been equally phenomenal. The number of State guarantee agencies has increased from 17 in 1965 to 35 in 1967. Additionally, in five other States, work is now underway in both executive and legislative departments on the creation of State loan authorities, leaving only 10 in which action is yet to be taken. Despite rising costs of money and consequent upward pressures on interest rates, more than 700,000 loans at the 6 percent simple interest rate, totaling two-thirds of a billion dollars, have been made between November 1965 and December 1967.

Against this backdrop of growth and development, let me outline the direction and purpose of the Administration's 1968 proposals for modification and consolidation of these programs into the Educational Opportunity Act:

First, to move effectively toward the overall goal of providing "educational opportunities beyond secondary school to all our youth that desire such opportunities and can benefit from them." This is to be accomplished, at least in part, by providing "substantial assistance to students" so that "no student of ability will be denied an opportunity to develop his talents because of financial inability to meet basic higher education costs."

Second, in the three college-based programs, to achieve a measure of consolidation and, in so doing, to achieve greater flexibility and convenience at the institutional administrative level.

Third, within this consolidated framework to retain the major objectives and program characteristics already established.

Fourth, in the Guaranteed Student Loan Program, to clarify the role of the State as the key administrative element and to indicate more clearly the State responsibility for continuing provision of part of the guarantee funds.

Fifth, in the context of the re-insurance proposals, to provide a second adjustment period to allow States an opportunity to modify existing legislation or, as the case may be, constitutional provisions in order to establish the re-insurance program.

Parenthetically, let me emphasize that the Administration's position has been and continues to be that of supporting and maintaining the central role of the State guarantee agency in this program. The current utilization of direct Federal insurance in 17 States is simply an interim device until such time as the guarantee function can be established in the State itself.

Key recommendations for changes in the college-based program are as follows: