1. There will be a single appropriation item for Federal capital in the National Defense Student Loan fund and for the College Work-Study Program with a 90–10 Federal institutional matching ratio, and a single appropriation for the Educational Opportunity Grant Program which does not require program matching funds.

2. The fund distribution pattern would be altered from the three separate allotment formulas, which differ in each program, to a national pool funding basis with a limitation that no State could receive more than 12½ percent of any single appropriation.

3. There will be a provision that during any year an institution may transfer not to exceed 20 percent of the Federal money allocated for any one program to another. At the Commissioner's discretion, this 20 percent level would be exceeded in an emergency situation. This would provide a much-needed authority for institutions to rebalance their programs during the year.

4. A $1,000 per annum maximum would be set on an Educational Opportunity Grant award to any one student and the present $800 maximum and the mandatory $200 award for students in the upper half of the class in the prior year would be eliminated.

5. The annual ceiling on NDEA loans to undergraduates would be elevated to $1,500 as a reflection of cost increases over the past 10 years.

6. For all three programs, there would be a common requirement for continuation of institutional expenditures in its own student aid program, to replace the two different and separate authorities in the existing EOG and Work-Study Programs.

7. In place of the varied pattern of administrative overhead allowances presently contained in the loan and work-study programs, a common maximum of 3 percent of the total Federal funds granted to an institution would be provided with an overall maximum of $125,000 per year to any single institution.

8. An overall student financial aid advisory council is proposed to replace the four separate advisory committees contained in the present statutes.

9. It is the intent of the Administration to accomplish uniform forward financing of these programs beginning with Fiscal Year 1970.

The consolidation of these three programs authorized under a single part A of title IV also allows us to request a program authorization extension of 5 years commencing in 1970. To cover the interim year, Fiscal Year 1969, single-year extensions are requested for title II, NDEA, and for titles IV–A and IV–C of the Higher Education Act of 1965.

The 6-year request, if granted, would for the first time provide the Nation's colleges and universities with a firm, permanent operating base and would eliminate the confusion and uncertainity which institutions are facing at the present.

THE GUARANTEED LOAN PROGRAM

The basic objectives for the Guaranteed Student Loan Program are—

To provide a program of long-term loan assistance to *all* post-secondary students, with Federal interest benefits provided for most of them;

To provide that the program should be operated by State agencies, the function of the Federal Government should be to assist the States to do a good job—through payment of a portion of the interest on behalf of eligible students and through the use of Federal credit to help provide the necessary backing for the loans;

To provide the lenders with an adequate return so as to encourage their active participation;

To provide the lenders with maximum assistance—from the colleges, the States, and the Federal government—through interchange of information, a minimum of paperwork, and the establishment of common procedures; and

To see that colleges are involved to the extent of providing full and adequate information to the lenders.

Prior to the passage of the Higher Education Act, guaranteed loan programs were in operation in 17 States. Recognizing that legislation would likely be needed at the State level, the Congress provided a two-year interim period and encouraged the development of adequate State programs by authorizing Federal advances of "seed money" to establish or help strengthen the reserve fund of the agencies. The Act further provided that if a State would not be able to