

tify what they regard as problems of national concern and then invite submission of proposals.

The purposes of EDPA will best be served by a genuine partnership both in the developmental stages and in administration. We would like to think that institutions know at least as much as Federal agencies about what they need to do their jobs.

Title VI—Instructional Equipment and Materials:

We support the proposed extension and amendments, including specifically the elimination of subject limitations and extension of assistance to graduate schools.

Title IX—Network for Knowledge:

We support the purpose of this title, which would insert a new title VIII in the Higher Education Act of 1965, authorizing project grants which could be used in a wide variety of ways to demonstrate what institutions can do in sharing their resources. A great deal has been done in this area, but it is of course only a small beginning on what can and should be done.

Shared use of library facilities, computer facilities, instructional television, faculty exchanges, and student exchanges, all are ways in which specialized and costly resources can be shared.

This proposed title would support additional and innovative demonstrations of what can be done. The major problems in the longer run, however, is how the continuing costs of sharing can be supported.

Title XI—Amendments to Higher Education Facilities Act of 1963:

We strongly support the extension of the Higher Education Facilities Act for a 5-year period.

We urge that the Federal proportion of matching authorized be increased to at least up to 50 percent in all facilities grant programs under this title, and preferably to up to 75 percent.

We are emphatically opposed to the proposal in section 1102 to raise the interest rate on academic facilities loans from the present 3-percent limit.

The proposed rate would be determined by the average market yield on current outstanding Federal marketable obligations of comparable maturity, and the Commissioner of Education would be authorized to reduce these rates by not more than 1 percent.

The idea behind this proposal is said to be to raise the Federal rate to a level which will make the private market, rather than the Federal loan program, attractive to institutions or authorities whose bonds are tax exempt and therefore command a lower interest rate in the private market.

At present interest rate levels, the proposal would not accomplish this last objective, and its only effect would be to force the interest rate and therefore the annual carrying charges on academic facilities loans up, and provide an additional drain on revenues which otherwise could be used for institutional operating support.

There is another and much more effective way to accomplish the stated objective of bringing substantial amounts of private capital into academic facilities construction, without raising institutional carrying charges, and at little annual cost to the Treasury. It is to provide, in addition to the present direct loan program at the present 3-percent rates, a Federal interest subsidy of the difference between the Federal 3-percent rate and the interest cost in the private market, for institu-