

stand that there are problems with state usury laws, but even in the Act as it now stands there is a provision for the interest rate to rise to 7 per cent in certain circumstances. No doubt the Treasury considered all this before proposing the fee approach, but we think it may merit further consideration.

Once again, we question the need for subsidizing the interest on a guaranteed loan to a student after he graduates. We can see the justification for an interest subsidy to a student from a middle or upper-middle income family while he is in college and incurring heavy expenses. But to continue the subsidy for up to 11 years after graduation becomes a costly expenditure for the Government. We believe that providing more financial aid to enable needy students to attend college should take priority over a postgraduation interest subsidy to students who are better off financially. While we do not support a "means test" for a guaranteed loan, we believe that the colleges should be involved in the program to the extent of indicating to the lending institutions the approximate cost of attending their college and any other financial aid furnished the applicant.

We support the extension of other existing programs contained in H.R. 15067 and the minor revisions proposed in them. We would urge your support for an increase in cost-of-education allowances to institutions, as proposed in Section 303. This section would eliminate the flat \$2,500 allowance to institutions attended by holders of National Defense Education Act fellowships and fellowships for elementary and secondary teachers and permit the Commissioner of Education to set allowances comparable to those under other Federally-supported fellowship programs. It is our understanding that other Federal agencies are moving toward a uniform \$3,500 allowance, and we see no reason why the allowance for fellowships administered by the Office of Education should not be the same.

Finally, let me turn to a few brief comments on the new programs proposed in H.R. 15067—namely the improvement of graduate programs, special services for disadvantaged students, the "Networks for Knowledge," and education for the public service. We have assessed each of them and find them all well conceived and desirable. Notably they follow the mainstream of development of Federal activity in support of higher education. They would be helpful in filling in some gaps in the present pattern of Federal programs. It may well be desirable to commit them to legislation now in order to permit sound planning and orderly development of them. But, speaking for the Council, I feel impelled to say that our primary concern continues to be for adequate funding of those existing programs which have been tried and tested. We know through our experience that these existing programs are effective and that they address themselves to some of the most critical needs of higher education. We would hope, therefore, that a desire to institute new programs will not come into competition with the appropriation of funds to strengthen and bring up to projected levels the existing programs. We do support the new programs. Cognizant of the fact that the funds proposed for them in H.R. 15067 are small, we would comment that authorizing them now will permit the responsible agencies to plan well for their implementation and get them established with the prospect that, hopefully, they can grow to full stature when the budget picture brightens.

The proposal in Title III for institutional grants to improve the quality of graduate programs moves in a direction which I believe most of higher education desires—that is, support for general operating expenses. On this point, on behalf of AAC, file a statement. This program in Title IV could lead to significant improvement of graduate education over the long run.

The proposed program to provide counseling, tutoring, and other special services for disadvantaged students is a logical sequel to the present Upward Bound and Talent Search programs to encourage such students to attend college. Since they come from deprived backgrounds, these students often need more help than the usual student to adjust to a college environment and to keep up with a college class schedule. The new program would help colleges give them this extra lift without cutting into their services to their other students.

The "Networks for Knowledge" program, small though it is initially, would give an impetus to colleges to develop ways to share their technical and other resources. In this instance, small grants to get the cooperative arrangements started could lead to significant benefits later through a pooling of resources.

The proposal for fellowships to train personnel for the public service and for research and demonstrations in this area seems to us a desirable program. We know that public administration is becoming increasingly complex and demanding and feel that the fellowship program would encourage more potential administrators to take professional training.