Thank you, Madam chairman and members of the subcommittee, for giving us the opportunity to present our views. I would be pleased to answer questions and to submit later any further information you desire.

Mr. SPALDING. My name is Keith Spalding, president of Franklin and Marshall College in Lancaster, Pa., and chairman of the Commission on Federal Relations of the American Council on Education.

I am accompanied by John F. Morse of the American Council. I am happy to tell you that we are joined in this testimony by the American Association of Junior Colleges, the Association of American Colleges, the Association of American Universities and the American Association for Higher Education.

We do support in general H.R. 15067. In such a broad bill, of course, there are some things about which we don't have full enthusiasm which we think might be changed or eliminated but we do particularly commend to you the 5-year extensions proposed for the Higher Education Facilities Act, the Higher Education Act, National Defense Education Act.

We particularly applaud section 908 of the bill which authorizes advanced funding because by the use of advanced funding we can more accurately implement the intent of Congress.

The committee very well knows that in scholarships and fellowships and loans, colleges have to make their commitments in the spring for what happens in the fall, if we are to make effective use of the money.

One provision of the bill that we do have to strongly oppose is section 1102 which would have the effect of raising the interest rates on facilities loans.

The Federal assistance for construction of academic facilities has for a long time been a top priority with the American Council. We do support the proposed 5-year extension.

We believe that the present ceiling of 3 percent is a wise provision. We fear that if the flexible rate is adopted, and it would be quite high, there is no alternative except to pass those charges along to students.

It is our belief that we should be looking for the means to reduce the burden of cost to students and their families.

I would like to say, also, that we are very distressed about the funding cuts for academic facilities, grants and loans both in the current fiscal year and in fiscal 1969.

In brief, we believe in the long run it will be harmful to the national interest to delay the construction which will be needed if we are to make a college education available to increasing numbers of young people.

We do believe that there is another alternative method that could be explored for providing additional funds. Dr. Curley commented about this; that is, to use the private lending market with an interest subsidy. It looks to us as though that would be effective use of Federal moneys, encouraging the use of the private market, in addition to the present direct program.

In addition to facilities to give balanced weight, as you suggested in your conversations and your questions, we have had a longstanding, high-priority interest in the programs which provide financial assistance to deserving and needy students.