increasing costs of vocational and collegiate education make it ever more difficult for even middle-income families to bear the costs of helping their children to obtain that education.

I would like briefly to invite your attention to four legislative actions that could be taken to turn into actuality the potential participation of a larger number of savings and loan associations in this program.

1. *Authority to Make Loans for Vocational Education.*—The savings and loan industry operates under a dual system of State and Federal charters. State-chartered associations derive their lending authority from the laws of the respective States under which they are chartered. Federal savings and loan associations, such as Knickerbocker Federal, obtain their authority to make loans from the Congress. State laws vary regarding the authority of State-chartered savings and loan associations to make loans to students for the purpose of defraying educational expenses. In the Federal field, the Housing Act of 1964 for the first time authorized Federal savings and loan associations to make student loans for college and university education up to the amount of 5 per cent of an association's assets. But this authority to this day does not empower Federal savings and loan associations to make student loans for vocational education. This vacuum of authority should be quickly filled by appropriate amendment of section 5(c) of the Home Owners' Loan Act of 1933, the statute under which Federal savings and loan associations have been chartered and have been enabled to perform many and varied services in the public interest over a span of 35 years. Such action becomes even more appropriate in view of the proposed merger of the National Vocational Student Loan Insurance Act of 1965 with the low-interest insured loan program of the Higher Education Act of 1965, as set forth in section 430 of the Higher Education Amendments of 1968 (H.R. 15067) introduced on February 5, 1968 by Chairman Perkins of the Committee on Education and Labor for himself and Chairman Green of the Special Subcommittee.

The National League therefore vigorously supports the provisions of Section 429 of H.R. 15067 that would grant any Federal savings and loan association authority to invest in loans for the payment of expenses of vocational education as well as continuing its authority to invest in loans for the payment of expenses of college or university education, all within a total limitation of 5 per cent of its assets. The Subcommittee might well give consideration to increasing the 5 per cent of assets limit to 10 per cent of assets in order to provide leeway for handling vocational loans in addition to college and university loans.

2. *Reimbursement of State or Nonprofit Private Insurance.*—Section 423 of H.R. 15067 would authorize the U.S. Commissioner of Education to agree with either a State or a nonprofit private institution or organization to reimburse it 80 per cent of the amount of insurance proceeds it pays out under its student loan insurance program undertaken pursuant to the Higher Education Act of 1965 and what was the National Vocational Student Loan Insurance Act of 1965. This arrangement, sometimes referred to as reinsurance, would have the desirable effect of stretching each dollar of State or private nonprofit insurance reserves so that it would provide a total of $5 in insurance reserves. Under it the State or private nonprofit entity would be reimbursed $4 for every $5 it pays out of its insurance reserve fund as insurance proceeds on account of losses on the outstanding unpaid principal balance of an insured student loan that result from default by the student borrower. Since this arrangement would place the Federal Government in the position of an indemnitor to the extent agreed, it would not be called upon to make any disbursement under this partial reimbursement arrangement unless and until defaults on repayment of a student loan persisted uncured to the extent that funds are actually paid out of insurance reserves by a State or a private nonprofit entity. This should obviously be less expensive to the Federal Government than if it serves as direct insurer of these student loans with an obligation to pay out 100 per cent of the insurance proceeds that become due because of default in loan repayments. Moreover, the administrative work and costs involved in handling insurance claims under the partial reimbursement method would be borne by the State or private nonprofit entity rather than by the Federal Government. The National League supports enactment of section 423 of H.R. 15067.

3. *Limitations Imposed By Tax Definitiion of Domestic Building and Loan Association.*—Statistics gathered by the Federal Home Loan Bank Board show that savings and loan associations located in the State of New York have