shaping vocational career choices. In 1965 and 1966, the average teacher cancellation benefit was $84 and $85 respectively.

Various proposals to extend cancellation to other critical manpower needs, to veterans, and other groups makes the total anticipated cost of this provision somewhat staggering. The present law discriminates against these and other groups as well as against teachers who do not borrow, and against potential teachers who borrow from other funds.

With the cancellation of either 10 percent, or 15 percent, for certain groups with an extended list qualifying each year, an inordinate amount of time and energy has been devoted by colleges and the Office of Education staff to the cancellation feature. We feel that the cancellation provision has not accomplished enough to warrant this expenditure of time and money. Therefore, we are of the opinion that Section 205(b)(3) of the National Defense Education Act should be deleted, thereby: (a) eliminating the discriminating provisions of the Act, (b) eliminating the paper work and ever increasing problems of collections associated with cancellation privileges, and (c) otherwise restoring the program to a true loan program for students.

6. At the present time the law provides for the cancellation of liability for a National Defense Student Loan only in cases of bankruptcy, death or permanent disability. By the very nature of the program, which provides financial encouragement to impecunious students, some difficulties in collection are to be expected since usual credit standards are ordinarily inapplicable in the awarding of National Defense Student Loans. Currently, institutions have no mechanism for removal of uncollectable accounts and, thus, they remain as "deadwood" in the institutional records.

It is thus recommended that under Section 405(c)(1) the Commissioner be granted specific authority to determine the uncollectability of National Defense Student Loan accounts and specify by regulations a mechanism for assigning such accounts to the United States Office of Education for collection or cancellation as circumstnces dictate.

7. We support the provisions in H.R. 15067 relating to College Work-Study. It brings the program in step fiscally with the other major student aid programs.

It is considered that the College Work-Study Program is one of the most vital parts of financial aid and is of particular value for the disadvantaged student. It provides work experience of a caliber which is seldom matched by other employment opportunities and permits the disadvantaged student to gain job training which would in most cases be unavailable to him elsewhere.

Some problems are created for both off-campus public agencies and institutions of higher education in meeting the existing 85 percent Federal and 15 percent matching formula. Even greater problems are anticipated when the present formula is changed to 80 percent Federal—20 percent matching on August 20, 1968. Some campuses will have difficulty in meeting the wage scale imposed by the Fair Labor Standards Act while at the same time the institutional matching share is greater. This will in effect cause a reduction in the number of students on the Work-Study Program in some schools. It is strongly recommended that provisions be implemented permitting the formula to be amended to 90 percent Federal and 10 percent matching for fiscal year 1969.

8. The Guaranteed Loan Program has proved to be a valuable part of the Student Aid program. In an 18 month period ending December 1967 over 685,000 loans totaling more than $550,000,000 were made to students. An analysis of 287,000 guaranteed loans shows that 32% of the borrows came from families with income levels under $6,000 and 58% under $9,000 annual income.

The Student Financial Office is daily confronted with the situations of the students who do not have access to a guaranteed loan. This lack of opportunity is due primarily to the fact that a sizeable portion of the potential lenders are not participating in the program. In addition a sizeable majority of those who are participating have placed restrictions on the amount of funds available for this purpose. Most are restricting the loans to students whose parents have an established account with the lending institution.

It appears that the reluctance of many potential lenders is primarily due to the fact that the program does not provide a reasonable return for the service rendered. Changes in the program which would improve the lender return seem quite justified.

The financial aid officer has another concern which may have a direct bearing on the program. Under current practices, the interest subsidy cost to the Federal government will mount rather sharply. Assuming that there is an upper limit of total funds available for financial aid to students, we wonder if the guaranteed loan program will in time siphon off funds badly needed in other programs?