Mrs. GREEN. Thank you.

Mr. REEHER. I would like to thank you for the invitation to appear. I would like first of all to ask that the written testimony as presented be placed in the record thereby permitting us to brief our testimony at this time.

Mrs. GREEN. Without any objection, that is so ordered.

Mr. REEHER. Thank you.

(The document deferred to follows:)

STATEMENT BY KENNETH R. REEHER, CHAIRMAN, NATIONAL CONFERENCE OF EXECUTIVES OF HIGHER EDUCATION LOAN PLANS

Mrs. Green, members of the Committee, my name is Kenneth R. Reeher. I am Chairman of the National Conference of Executives of Higher Education Loan Plans and Executive Director of the Pennsylvania Higher Education Assistance Agency, Towne House, Harrisburg, Pennsylvania.

Our Conference is an association on a voluntary basis of both state and private guaranty agency directors. All of our meetings, as well as our joint efforts outside of the basic employment we follow, are geared to the improvement of the student guaranty loan program. With me today are Lee Noel, Vice Chairman of the National Conference and Program Director of the Illinois State Scholarship Commission; Duffy Paul, Executive Director of the College Foundation, Inc. in North Carolina; Elwood Hollister, Acting Executive Director, New York Higher Education Assistance Corporation; Richard Petrie, Executive Director, Louisiana Higher Education Assistance Commission; William Nester, Assistant Director, New Jersey Higher Education Assistance Authority; Joseph Cosgrove, Executive Director, Massachusetts Higher Education Assistance Corporation; and Edward McCabe, Washington Counsel, United Student Aid Funds, Inc., New York City, New York.

We appreciate the opportunity extended to the National Conference of Higher Education Loan Plans to support H.R. 15067 which contains amendments to, and extension of, the Higher Education and Vocational Education Acts. The time schedule for consideration, enactment and implementation of amendments to the guaranty loan law is now critical. Throughout the Nation, high school graduates are in the process of applying for or being accepted by colleges for entrance in the fall. Thousands of these students are planning upon guaranteed loans to assist them to meet the expenses of these courses. Congress must act now if these students are to be able to include a guaranty loan as part of the aid program they must possess if they are to accept the admissions offer tendered by the colleges and non-degree schools. Students must know that the guaranty loan provisions are still available, the aid officer must have knowledge that it can be considered in the construction of the student's "aid package", and the lenders must have definition of both program and administrative requirements so that they may properly determine their continued participation. It is extremely doubtful that the participating lenders who advanced $499,387,000, covering 609,911 loans from July 1, 1966 through October 31, 1967 will expand their portfolio of student loans to meet the need for second semester loans and renewals for the fall of 1968 without enactment of certain proposals which have been before the Congress since July, 1967.

The number one issue in the success of the guaranty loan program is adequate income for the lenders. Proper return is necessary to assure their subsequent participation at a level which will afford students a guaranty loan whether it is guaranteed through a state or private guaranty agency, a program of federal certificates of insurance, or from a guaranty fund consisting of both state reserve funds and federal insurance certificates through the reinsurance proposal. Although most of the leadership for enactment of the guaranty loan program came from the American Bankers Association, the current "tight money" situation makes it unrealistic to assume that lenders will devote any sizable portion of their investment portfolio in these student loans at 6% simple interest. They are up to 15-year loans, advanced in units of $1000. Lenders can receive the same earning rate through large size investments of short term nature, thereby giving the lender the advantage of any improvement in interest rates and a substantial reduction in the administrative burden necessary to manage the investment portfolio. The proposal of the Administration to improve the return to the lender and lender participation through the establishment of a federally