This is extremely critical with implementation of the reinsurance provisions which call for certificates of insurance rather than federal advance funds. The reinsurance proposal will assist the loan program to experience the growth explosion that we all have anticipated. Congress should be aware that the very costly provisions of the program such as lender enrollment, dissemination of program information, loan application and program regulation distribution, and pursuit and collection of defaults are carried on by the state agency. Plans for the states to carry the full administrative costs do not seem in order. Currently the state programs may use the earnings from federal advance funds to partially defray costs of administration. Under the reinsurance program advance funds will at best experience a "controlled" growth. With a reduction of federal advance funds comes a reduction of earnings from investment of such funds. Financial support of the administrative costs of a program expanded principally on federal guidelines is not properly placed on the state legislatures.

3. The integrity of the program and the reserve capacity of the state designated agency should be protected by inclusion in the Act of a determination whether the applicant has a need for loan funds to meet the costs associated with enrollment in an educational program. The officer at the institution of higher learning who is administering other programs of financial aid should be permitted to make a recommendation to the lender whether the loan is needed to meet costs associated with the educational program. Computation of "financial need", as historically applied should not be the criteria. Final determination of the size of the loan should continue to be established by the lending institution and guarantor should be permitted to determine whether to guarantee a loan and to establish the amount of the guarantee it is willing to underwrite.

4. The states, not necessarily the state designated agency, should have more jurisdiction in the determination of approved schools. Many states have developed strong, stable and experienced state departments in the area of the licensure of non-degree schools and in the approval of licensure of degree granting institutions. Jurisdiction should be vested in the state department wherever possible so as to assure the maximum coverage of eligible students in the guaranty loan program. For example, the Commonwealth of Pennsylvania prepares 10.5 percent of the registered nurses in the United States and has 95 diploma hospital schools of nursing approved by the State Board of Examiners. Only 72 of these programs have been approved by the National League for Nursing, the national agency designated by the U.S. Commissioner for approval of nursing programs. It would seem that the success over the years of graduates of the state approved programs and the caliber of standards required for a state license should merit approval of all such licensed schools. In the program cited, it could be assumed that approximately 25 percent of students enrolled in such programs are being denied access to the state guaranty loan program and possible subsequent interest subsidy. This, of course, is true in all other states except the one which enjoys approved status. Examination of state procedures for approval of schools should be conducted on a state by state basis and approval of state accreditation should be granted in those states where quality exists.

At the institution of higher learning level several changes will facilitate the function of the financial aid officer and permit the guaranty loan program to be handled in a fashion which will be more compatible with other programs of aid to students financed by the institutions, private enterprises, state legislatures and the federal government.

The operations at the institution of higher learning level would be improved by:

1. Determination of financial need for educational loan funds, as previously reviewed in this paper, should be authorized to be performed by the financial aid officer. The aid officer must be free to counsel those students who are often incurring loans for the first time.

2. The features of all federal student loan programs should be compatible so that the financial aid officer may utilize any loan program without day-to-day analysis of its various features. The variations such as grace periods and deferment for military and similar types of service must be standardized in the various loan programs.

3. Confirmation of student status on all accounts of all student loans should be performed by the Office of Education to reduce both school and lender paper work.