

references thereto wherever they may appear, as clauses (A), (B), (C), (D), and (E), and subclauses (i) and (ii), respectively; and (C) by inserting before the so redesignated subparagraph (2) the following new paragraph (1) :

"(1) The term 'eligible institution' means an institution of higher education or a vocational school as defined by this section."

"(2) Paragraph (a) of such section 435 is further amended by adding, as a new paragraph (3), the text of paragraph (a) of section 17 of the National Vocational Student Loan Insurance Act of 1965, as amended in the first sentence thereof (A) by striking out 'eligible institution' and inserting in lieu thereof 'vocational school', (B) by amending the word 'Act' in clause (4) (C) to read 'part'; * * *

"(h) (1) The National Vocational Student Loan Insurance Act of 1965 is repealed."

H. TIMING AND NOTIFICATION OF ALLOCATION

22. *It is strongly recommended that Congress revise its schedule of appropriations to permit notification of institutions at least 3 months before the beginning of the fiscal year in which funds are to be made available to the individual institution.* (See ch. IV, p. 15, ch. V, p. 5; and ch. VI, p. 5.)

OE position

The Higher Education Amendments of 1968 contain provisions for forward funding of all Federal student aid programs. The passage of this bill will alleviate many of the problems facing the colleges in administering these programs locally. Advance funding is absolutely essential to sound planning and program management at the campus level.

J. COLLECTION OF LOANS

23. *The method of computing the rate of delinquency should be changed in order to indicate the status of arrears and potential losses through default.* (See ch. IV, p. 22; ch. V, p. 6; and ch. VI, p. 5.)

OE position

The method of reporting and computing the rate of delinquency was revised in fiscal year 1967. The rate of delinquency is now reported on the basis of ratio of past due accounts to all accounts in collection. Further, the division is currently studying the problem of separating late payments from outright defaulted accounts and has requested extensive information from those institutions which have a large number of delinquent accounts.

24. *An effective writeoff procedure should be adopted.* Resorting to the collection of loans by the Federal Government is not recommended. (See ch. IV, p. 22; ch. V, p. 6; and ch. VI, p. 5.)

OE position

The Office concurs with part of the recommendation that an effective writeoff procedure should be adopted. We are currently developing administrative rules which would establish the necessary steps an institution must take before a note could be considered uncollectible by the institution. We do not, however, agree with the second part of the recommendation, namely, that the loans not be collected by the Federal Government. We believe that after the institution has made diligent efforts to collect, but has been unable to do so, that the institution should be permitted to transfer certain loans to the Office of Education. It is not our intent to collect NDEA loans for the institutions, however, we believe we have a responsibility to the taxpayer to seek all possible means of collecting funds owed to the Federal Government. It is believed that the Federal Government, as a last resource, may be able to collect funds from an individual who would not otherwise pay them to educational institutions.

25. *Strong encouragement should be given to the use of central collection agencies.* Central collection should be urged particularly for those institutions with continuously unsatisfactory records of collection. The enforced use of central collection agencies, particularly in the cases of institutions with unsatisfactory records, would be difficult to administer unless there were "accredited" agencies or unless the Office of Education sponsored the establishment of collection agencies on a State or regional basis. The State-guaranteed loan agencies are already in the loan collection business and might be willing to add the collection of national defense student loans, health professions student loans, nursing