

OE position

This recommendation pertains to Public Health Service programs.

33. *Removal of some or all of the interest subsidy during the period of study is not recommended. Removal of interest subsidy during the payout period is, however, a matter of possible future consideration.* (See ch. X, pp. 6-7.)

OE position

We agree and will give consideration to the matter of removing the 3-percent interest subsidy on the guaranteed loan program during the payout period.

34. *Numerous deferment provisions should be standardized.* (See ch. X, pp. 7-8.)

OE position

The Office of Education concurs and has proposed in H.R. 15067 that deferment provisions be extended to all loan programs under OE jurisdiction:

"SEC. 421. (a) (1) Section 428 of the Higher Education Act of 1965 is amended by adding at the end of such section the following new subsection:

"(c) The Commissioner shall encourage the inclusion in any State student loan program or any State or nonprofit private student loan insurance program meeting the requirements of subsection (a) (1) (B) or (C), of provisions authorizing or requiring that in the case of student loans covered by such program periodic installments of principal need not be paid, but interest shall accrue and be paid, during any period (1) during which the borrower is pursuing a full-time course of study at an eligible institution (or at a comparable institution outside the States approved for this purpose by the Commissioner), (2) not in excess of three years during which the borrower is a member of the Armed Forces of the United States, (3) not in excess of three years during which the borrower is in service as a volunteer under the Peace Corps Act, or (4) not in excess of three years during which the borrower is in service as a full-time volunteer under title VIII of the Economic Opportunity Act of 1964."

35. *The grace period should be shortened to 4 months.* (See ch. X, p. 9.)

OE position

We agree with this recommendation and believe that it will result operationally in better collection efforts on the part of the institution.

36. *Reimbursement to institutions for administrative expenses should be provided.* (See ch. X, p. 10.)

OE position

A recommendation for reimbursing educational institutions for administrative expenses incurred in administering all Federal programs of student assistance is contained in H.R. 15067. We do not believe that any reimbursement should be provided to the educational institutions for loans made under the guaranteed loan program because their role is much less complicated. The reimbursement for administering expenses which they receive from the college-based programs should cover any costs they incur from the insured loan program.

37. *Three provisions affecting cancellations and late payment charges should be standardized.* (See ch. X, pp. 10-11.)

OE position

This will be brought under joint OE-PHS review, looking toward further recommendations.

M. CUBAN REFUGEE STUDENT LOAN PROGRAM

38. *The separate Cuban refugee student loan program as it now exists should be phased out of existence and subsumed by the national defense student loan program, the health professions student loan program, and the nursing student loan program, subject to the conditions discussed in chapter VII, page 7.*

OE position

As mentioned in recommendation 2, we propose to merge the Cuban student loan program with NDEA in 1970. Mergers in the PHS programs should be made the topic of joint review.