

I would like to emphasize, however, the particular importance of those portions of the bill which strengthen the guaranteed students loan program, especially through such provisions as the acquisition and conversion fees for lenders.

The insured loan program authorized by Title IV of the Higher Education Act is, of course, an important and potentially effective tool of student assistance. A major reason for its enactment was to help families meet the rising cost of post-secondary education at a time when such educational attainments were becoming almost a necessity in our increasingly complex society. Indeed, the tremendous growth in education past high school is one of the most startling changes in the educational picture of this country over the last decade.

Fifteen years ago, only about one-fourth of all United States citizens aged 18-21 continued on to institutions of post-secondary education, while now this figure is about one-half, or six million students. Once thought of as available only to the wealthier and/or more academically talented students, post-secondary education is now theoretically available to all students who can benefit from it. Yet the rising costs of living, increased service costs, and higher capital construction costs of the new and expanded facilities needed to meet the student growth have been reflected in increased costs of attending institutions of higher education. Both public and private institutional operating costs have increased, with the result that many middle-income students and their families have had to undergo severe hardship in order that a student might receive higher education.

In the past, with little aid other than commercial bank loans available, these families had only a four-year period in which to finance all of the student's college costs. Often, this proved to be an almost insurmountable obstacle, especially for those with more than one child of post-secondary age. For example, under one widely-used needs analysis system, a family of four, with an income of \$9,000, and two children of average abilities, is expected to devote 25 percent of its after-tax income to the higher education needs of the children, for each year both of them are in college. This percentage is the maximum normally allowed for a family to invest in its housing.

Another family under the same circumstances but with an income of \$16,000 is expected to divert 35 percent of income after taxes to the higher education costs of the children. Obviously, to pay this expense in such a short time period means undue hardship. It would be inappropriate to argue that middle-income families should be relieved of this major responsibility—but it is also clear that expenses of higher education concentrated in a brief four or five year period should not be allowed to absorb such a heavy portion of family income. Rather than being a current expenditure, the expenses of higher education have become so heavy that they have become a question of capital investment and therefore present a financing problem.

It is not uncommon to find estimates of the cost of a bachelor's degree (If a student were to begin in September, 1969) running in excess of \$12,000, and for the most expensive institutions, \$15,000. Thus, to many families whose incomes may be classified in the upper-middle range, handling a \$15,000 charge over a four year period against income may represent a financial burden unlike any other the student and his family have encountered. Certainly, in other areas of heavy family investment such as home purchase, automobile purchase, and the like, it is customary if not mandatory that the charges be spread over a number of years. In view of the increasing importance of higher education to a student and his future, it seems apparent that this form of capital investment should be treated in much the same manner, with financing made available on a similar basis.

The guaranteed loan program, passed in 1965, offers "loans of convenience" to meet this problem. Its fundamental purpose is to provide long-term, deferred payback credit at a six percent simple interest rate to any postsecondary student who elects to borrow part or perhaps all of his costs of education. One of the program's prime virtues is the fact that repayment does not begin until after the student has finished his college program. This, in turn, enables the family to run the cost out over a seven-, eight-, or possibly nine-year period, unlike virtually all of the commercial loan programs for this purpose, which require repayment concurrently with the student's progress through college.

I have not dwelt on another aspect of the need for a successful program of this type, but it would seem that unless substantial quantities of student loan credit are continually made available, families will begin to make decisions about college not on the basis of the best match between student and college but on a cost basis alone. In this regard, it should be noted that while the operating costs of both private and public institutions of higher education have been rising,