

increasingly State and public funds have been set aside to support and subsidize public education. Hence, the most dramatic cost increases occurred in tuition and fees of private institutions—an increase of nearly 120 percent during 1955–67. The average costs of a private institution of higher education—tuition, board and room—now exceed \$2,000 per year, twice the cost of public institutions. A main result of this trend is the increased share of the public sector of higher education in the total degree-credit enrollment, from 55 percent in 1955–6 to nearly 70 percent in 1966–7. If this shift toward the public sector continues unabated over the next decade or so, we could well witness the disappearance of our dual system of higher education.

In the past, the American system of higher education has been a highly individualized mixture of public and private, large and small, two-year and four-year, community and residential institutions. As in many areas of our economy, responsibility for the task of educating has been shared by the public and private sectors. Because of the wide choice afforded by this healthy diversity, American students have had a better chance of finding “the right college.” It seems to me that there is a great danger, if the present pattern continues, that our students, faced with higher costs in the private institutions, will be forced to consider only those in the public area. This would destroy a tradition of more than three centuries duration and deprive our youngsters of one of the most cherished privileges of citizenship in this country.

Since the student loan program provides an alternative source of financing for students and their families, it has the potential of reversing the trend toward public-only higher education. Students are freer to choose among many more institutions, public and private, than would have been possible with less aid available. Through making more alternatives available, this program gives students a real opportunity to choose the schools most suited to their needs.

There have been other proposals for assistance to the middle-income family in the matter of educational financing. Tax credits provide minimal assistance to the individual family and spread the benefits in very small amounts to several million families. At the other end of the spectrum is the so-called Educational Opportunity Bank described in the Zacharias task force report issued late in 1967 and envisaging Federal loans which would be repaid through higher income taxes during the student's working life. This proposal, while making large amounts of credit available to students, has a number of serious defects, the most important of which is the removal of family responsibility for assisting the student. It places too much emphasis on the financial and educational decisions of an eighteen-year-old and requires a student to indenture himself for a thirty- or forty-year period to pay for the cost of his education.

The existing student loan program, while it does not have these defects, does need strengthening as proposed in the legislation before this committee. Although we are informed that some 675,000 students during the present school year will receive a Federally-guaranteed loan, the program has gotten off to a much slower start than we had hoped. In Dade County, my county in Florida—for all practical purposes, the insured loan program does not exist. The same situation exists in other parts of the country, too, and this is true for several reasons. Bankers and other leading agencies do not feel that in today's tight money market the maximum interest rate of six percent covers the cost of a student loan, especially since such loans are not repaid for a considerable length of time. The excessive uncompensated paper work and administrative costs involved in the application and repayment of student loans are other deterring features of the program.

In the last session I introduced H.R. 11978, to revitalize the student loan program, and several provisions of that bill are contained in H.R. 15100, the Higher Education Amendments of 1968. These include the authorization of an application and conversion fee of up to \$35 per student loan per year to make the program more feasible and attractive for lenders. Additional “seed” money would also be authorized to support State guaranteed loan programs on a matching basis. I think that these are essential amendments if the guaranteed loan program is to be an effective means of student aid.

By enacting these needed improvements in the guaranteed loan program we will help to assure the program's greater success as well as encourage the continuation of our dual system of higher education. Even under the existing program, it appears that students are considering private institutions on a more equal basis with public ones. For example, in academic year 1960–1, students enrolled in private institutions of higher education received 53 percent of all funds in the NDSL program. In 1966–67, they received 53 percent of all NDS loans, 47 percent of all Educational Opportunity Grants, and 40 percent of the