grams for education, the Governors' Conference recommends and calls upon the Administration and the Congress to extend the principle of advance funding to programs beginning with fiscal year 1970.

"Further, we recognize the budget strictures operating during the coming year, but we question the advisability of budget cuts which have the effect of denying educational opportunity, and we, therefore, recommend substantially increased funding . . . for equipment and remodeling under Title III of the National Defense Education Act to at least levels of fiscal 1968.

"We urge the Congress to appropriate adequate funds under the Higher Education Facilities Act so as to prevent a serious shortage in classroom space and provide a continuing high level program of meeting the space needs in our burgeoning institutions.

"We further urge the Congress to support the provisions of H.R. 15067 which provide for improvement of graduate programs, special services for disadvantaged students, networks for knowledge, education for the public service, and a consolidation and expansion of student loan programs."

The governors were especially concerned about the reduced funding for the higher education facilities program, primarily the undergraduate facilities where the 1969 estimate of $133 million represents a 61% reduction from the 1967 level of obligations. In my own state of Utah, for example, obligations in 1967 totaled $3 million, while the estimate for 1969 is only $1.1 million. The reduction for public community colleges and technical institutes, although not as severe, also will present substantial problems to the states because of intense pressures for education in these institutions, relative to 4-year schools. We are pleased, however, that the appropriations recommended for state planning for higher educational activities have not been reduced from the 1967 level of obligations or the 1968 estimate. I know that the authorization level of programs is the concern of the Appropriations Committee, and I intend to testify before them on these funding levels.

The governors do oppose Section 1102 which raises interest rates on facilities loans. We believe that the present ceiling of 3% on interest rates for loans made under Title III of the Higher Education Facilities Act has permitted the colleges to provide the expansion demanded by increasing enrollments with a minimum of transfer costs to students. We believe the flexible interest rate proposed in 1102 would result in higher costs to the states and very possibly to the students. We respectfully urge that this section be dropped.

We believe there are alternate methods of providing additional funds for academic facilities loans, including utilizing the private lending market. A provision for an interest subsidy on facilities loans obtained through the private market which would make up the difference between 3% and the rate colleges must pay on the commercial loans would be one method of maintaining lower costs to the states and students.

Of major significance to the governors is the fact that both the National Defense Education Act and the Higher Education Act expire at the end of this year, and the governors strongly recommend that the Congress extend these important programs at an early date and extend them for the 5-year period as recommended in H.R. 15067. We also urge the extension of the facilities act, which expires in fiscal 1969, through fiscal 1974.

The governors were extremely pleased to note that in several areas of legislation, including H.R. 15067, the concept of packaging, of simplification and consolidation, is beginning to manifest itself. The Governors' Committee on Education a year ago strongly recommended the consolidation of vocational programs, and we are very pleased to note that the embodiment of our recommendations are represented in H.R. 15066, now before the House General Education Subcommittee. In this bill (H.R. 15067), we strongly urge the adoption of the provisions relating to the consolidation of student aid programs, where educational opportunity grants, national defense student loans, and college work-study programs are combined so that institutions may submit a single application instead of 3 under 3 separate authorizations, and which gives the institution discretion to shift up to 20% of funds in any one program to other programs. We are also pleased with the provision of the consolidation which provides funds for the development of effective student aid programs in all institutions.

The governors support the provisions of Title IV raising the maximum educational opportunity grant from $800 to $1,000 per year and the maximum undergraduate student loan from $1,000 to $1,500 annually.

We also support the reinsurance proposal, the provision for additional "seed money" for state reserve funds ,and the proposed fees to bankers for handling