

One program in which we are actively interested is a plan to conduct a series of clinics, probably in the summer, to help young and beginning law teachers develop and improve their skills as teachers.

We hope to be able to have such clinics conducted under some of the most stimulating teachers in the field and to be able to instill some of their enthusiasm and ability in the participants and we believe this bill will help us in this aim.

We recognize that it will not meet our total needs and it is for this reason that we are also supporting the establishment of a national foundation of law under separate legislation.

If I may comment on title IV, on student assistance, we support the programs of financial aid for students that are encompassed in title IV, the educational opportunity grants, the national defense student loans and the work-study programs.

Both the national defense student loan program and the work-study program are directly applicable to law students and they will help and have already helped significant numbers of law students to complete their legal education.

In addition, law schools have successfully utilized the work-study program to further their overall objectives of the professional training of law students.

If I may comment particularly on the new part C of H.R. 15067, we are interested in the special services for disadvantaged students that would be provided.

The objectives of this part correspond with the purpose of the newly established council for legal education opportunity which is a joint venture of our association, the American Bar Association, the National Bar Association, and the Law School Admission Test Council.

It is expected to receive financial help from the Ford Foundation and from the Office of Economic Opportunity. It is through programs of this nature that the legal profession hopes to be able to attract into its ranks students from disadvantaged backgrounds who would ultimately be able to make valuable and significant contributions not only to the law but to society at large.

We are very gratified to find this part in the bill.

On title VI, instructional equipment and materials, we are pleased that this part of the education package is no longer subject to the limitations that it was and that it would extend to graduate schools and departments.

This is particularly true and will be helpful to law schools now that they are beginning to consider seriously the greater use of audiovisual equipment, closed circuit television and equipment of that sort in the regular courses of instruction.

On title IX, networks for knowledge, we support the idea of networks for knowledge which would make it possible to share educational and related resources among colleges and universities through cooperative arrangements and increase the opportunities for sharing curriculum materials and information in the field of legal education.

On title XI, facilities, we are very pleased to see the Higher Education Facilities Act being extended beyond its original expiration date. If I may again add an aside, our own new law center at the col-

lege of law of the University of Florida has been made possible as a result of the extension of the Higher Education Facilities Act to include law schools and indeed we have received approximately a million dollars in assistance for a building that we hope to occupy this September which will become a part of a bigger law center complex that would not have been possible without this assistance.

Indeed, by the summer of 1967 some law schools will have received over \$16 million in aid for the construction of new law school facilities throughout the country.

On title XII, Education for Public Service, the law schools are anxious to contribute in any way they can to encourage students who desire to enter careers in the public service.

Our law schools offer many courses that are relevant to students moving in the direction of such careers and, therefore, we support this title of the act.

It has been a privilege to offer this testimony to you, sir. We will be happy to answer any questions you may have.

MR. BRADEMAS. Thank you very much, Dean Maloney. I have two or three questions.

How do most law students in the United States finance their education? Have you any idea, on some percentage basis, of the techniques and resources they use for paying their way?

MR. MALONEY. Through personal savings, through loan programs. Some of them receive substantial assistance from their parents, although at the age which they have attained and with other children in the families not as much of this is possible as might be for undergraduate education.

So that many of them have to make substantial loans in order to get through law school. In fact, my first interest in this area in the National Defense Education Act came about when we discovered that law schools were on the bottom of the list in effect for receiving aid under the loan program because of the priorities in it.

MR. GIBBONS of your committee became quite interested and helped in rectifying that situation to provide a more equal opportunity for law students.

MR. BRADEMAS. Mr. Cardozo, has your association made any survey on this particular point? Do you have some kind of evidence on hand?

MR. CARDOZO. I don't believe we do, Congressman. We do know that law students get less financial aid from scholarships, fellowships, both private and public sources, than I think any other group of graduate students in the university.

I can't say that we have made a survey of all of them as to how large a percentage of them do have some aid.

MR. MALONEY. If I may add one comment, about 5 years ago a survey was made by a graduate student who did it on Federal funds. He determined that there were 68 fields of educational endeavor and he found law 68th on the bottom of the list at that time.

MR. BRADEMAS. At that point, I note that you refer on page 3 of your statement to the great needs of legal education in the United States.

What do you regard as the most important needs of legal education? Facilities, student aid, libraries? Would you quantify that?

MR. MALONEY. I would say all these things are needed, sir, but my

own feeling is that fellowships are one of the most acute needs. In the competition for the best brains, legal education is at a severe disadvantage because of the almost complete lack of fellowship aid as compared with other academic disciplines.

Mr. BRADEMAs. My last question has to do with the purpose of the networks for knowledge title of this bill. To what extent do law schools in the United States now have cooperative arrangements for sharing their library resources?

Mr. MALONEY. I would like to pass this to Mr. Cardozo, if I may, sir.

Mr. CARDOZO. Of course, they are all on the interlibrary loan system and cooperate but I would say except for the few books that are exchanged that way very little, because it is the nature of legal education that the students must have immediate access to their own libraries.

So, almost every school, I would say every school, has a library, in order to be accredited it must be an adequate library of a certain size.

The better the library, the better the legal education. I think that what we had in mind under this title would be a sharing of the mechanical facilities rather than the books themselves, the cataloging and that sort of thing.

Mr. MALONEY. The use of computers in this area is coming into legal education. Our own librarian is working hard on this. We are storing information on the computer. This would be of assistance to other law schools in our area.

Mr. BRADEMAs. As I recall, at the University of Pennsylvania Law School, or is it Penn State Law School, there is to be found a computer operation in which they have all of the State statutes on the computers and in retrievable form?

Mr. CARDOZO. If it is any, it would be the University of Pennsylvania. I don't think that is being done at the university. There are several operations going on through various agencies that are putting the statutes and some cases on computer tape.

It is still in an experimental stage. But, of course, once it is then to the extent that they can be connected up it will be of great help to all of them. As a matter of fact, I think the Army or the Air Force has one of the large projects.

Mr. MALONEY. The Air Force has been doing this.

Another possibility here certainly is long-range xerography where you can Xerox a page of a book that is in another library.

Mr. CAREY. Mr. Chairman, I beg to be excused. I must go introduce a witness to another committee. I want to state that as far as the statutes being put on computer tapes and so forth I only suggest to the committee that I went to law school 20 years too soon.

Mr. BRADEMAs. Mr. Reid.

Mr. REID. Thank you, Mr. Chairman.

I want to welcome you and thank you for a very thoughtful statement and comment. I would like to ask you one question on the impact of the new draft guidelines on the University of Florida Law School, including what your estimates are of the impact on enrollment, and also, if you would like, I would appreciate a comment on whether you think it would be desirable for a student to be able to complete an academic year in the law school if he is called in the middle of a year.

Mr. MALONEY. Yes, sir; if I may comment, the Association of American Law Schools at its annual meeting in Detroit in December of last year, took a position adopting the statement of the American Council on Education on the draft problem.

We believe that the present draft regulations will be quite disruptive insofar as the operation of law schools is concerned.

To answer your question more specifically about the University of Florida Law School, we have made a study which indicates to us that in a law school of approximately 700 students that probably about 100 students will not be back next fall plus the fact that there will be disruption if the students are called out in the middle of a quarter and not permitted to complete at least that quarter.

The Law School Association included the position of the American Council of Education that local boards be urged to postpone the induction of students, and teachers, I might add, who are classified 1-A, at least until the end of the particular term in which they are located and our association recommended that if feasible the 1-S classification be kept and applied to a student until the end of the term as a way of at least preventing that type of disruption.

We also took the position that the long-range solution ought to be a random selection method.

Mr. REID. Would you favor, on behalf of the University of Florida and of the Association of American Law Schools, a system that perhaps could be effected by Executive order that would place college graduates and graduate students—include law school students, of course—in a common pool, 19 through 26, based to the degree that it is possible on random selection. Since that may require a change in the law, perhaps this objective could be achieved by a broader pool approach trying to have the responsibility for service fall much more equally across the board?

Mr. MALONEY. Yes, sir; I would favor that and I feel sure that the Association of American Law Schools would. I should defer to Mr. Cardozo, if I may.

Mr. CARDOZO. I think our resolution at the time of our annual meeting does show that we were in favor of something like that, in fact, almost anything that would change the situation from the entire burden falling on the graduate schools to something that would spread it out would be desirable.

We certainly do not want any exemption for law schools as such or any deferment for them as such but merely as graduate students.

Mr. REID. The feeling of some members of the committee is very clearly that we are opposed to any draft haven, period and paragraph, but at the same time we believe that the service should fall equally.

Did you say, Dean Maloney, that 100 out of 700 would be affected? We have had other testimony from the president of the University of Wisconsin and the president of Yale which indicated some higher percentages might be affected.

Mr. MALONEY. Yes, sir. I could give you the basis for my figures. We analyzed our entering class of last September which had 227 students in it. We took first those students that had military service already, we added the women, we subtracted those to get the number eligible.

We took off 25 percent on the basis that there would be 25 percent of the remainder who would be physically ineligible. Then we took the

balance and we divided it in half. This is the point where we were using a crystal ball.

Mr. REID. Is that approximately 50 percent of an incoming class?

Mr. MALONEY. About 30 percent. Then we guessed with the students already in school and in the second year, maybe 20 percent instead of 30 percent would be taken. In the third year they would continue their deferments.

In the second year it would have a higher impact than the first but this is how we reached the rough figure of 100.

Mr. CARDOZO. May I add a comment on this. Some of the schools have estimated a higher percentage but it is all guesswork on the same kind of statistics that Dean Maloney has mentioned. But we did write a letter to General Hershey at the beginning of this month, calling his attention to part of our resolution at the annual meeting in which we urged that the students be permitted to finish the term in which they are taking the course and in the case of law students that this be done so that if they have a course that goes through the whole year they would be able to finish that course before being inducted.

This is because we have a greater problem of through-the-year courses than most other graduates.

Mr. REID. Mr. Chairman, I might ask that any documents they might have on this point be included in the record at this point.

Mr. BRADEMAS. Without objection, it is so ordered.

Mr. CARDOZO. I submit a copy of the resolution of the annual meeting for the record and a copy of a letter to General Hershey of March 1.

(The documents referred to follow:)

[AALS Newsletter, February 12, 1968]

SELECTIVE SERVICE

1. RESOLUTIONS

At the Annual Meeting of the Association, the following resolutions concerning the effect of Selective Service on legal education were presented at the First General Session on December 28th, and duly adopted:

1. *Whereas*, the Military Selective Service Act of 1967 and Executive Order 11360, dated June 30, 1967, will have substantially disruptive effect upon the educational programs and career plans of many present and prospective law students; and,

Whereas, the Commission on Federal Relations of the American Council on Education has urged a series of steps which, in our judgment, would alleviate the disruptive impact upon law students and facilitate advance planning by the law schools without detriment to the national security,

Be It Therefore Resolved, that the Association of American Law Schools hereby endorses the following recommendations:

(i) That for the immediate future a prime age group (age 19) be designated as first to be inducted and that those past age 19 without military service and not entitled to deferment be treated as if they were 19. The order of call within this pool would then begin with the oldest first, by month and day of birth.

(ii) That legislation be introduced to provide a random selection system as a long-range solution.

(iii) That deferments in additional fields of graduate and professional study be provided only in narrow and critically needed specialties such as metallurgy, for example, if there is a severe shortage in that field, rather than in the broad field of the physical sciences.

(iv) That local boards be urged to postpone the induction of students and teachers classified I-A until the end of the term in which they are

studying or teaching. By term is meant a quarter, a semester, or a trimester—not an academic year.

2. *Resolved*, that the Association of American Law Schools, in addition to the position taken by it on the recommendations of the American Council on Education, recommends that, if feasible, the I-S classification be restored and applied to any student until the end of the term in which his current courses will be completed.

2. DEFERRED ADMISSIONS

The Pre-Law Advisor at the University of Massachusetts recently directed an inquiry to all law schools concerning their position on applicants who are inducted into the armed forces after they have been admitted to law school. Of the 73 schools that replied, 44 indicated a favorable attitude to the proposal that their admissions be honored after their service is over; 11 indicated a negative attitude; and 18 stated that they had the proposal under consideration.

ASSOCIATION OF AMERICAN LAW SCHOOLS,
Washington, D.C., March 1, 1968.

Gen. LEWIS B. HERSHEY,
Director, Selective Service System,
Washington, D.C.

DEAR GENERAL HERSHEY: Like the other institutions of higher education in which graduate students are enrolled, the law schools of the country are concerned over the possibility that substantial numbers of students will be inducted into the armed forces in mid-term rather than at the end of a term or academic year. Because of this concern, the Association of American Law Schools, on December 30, 1967, during its annual meeting, voted approval of the following resolution, as part of a general recommendation concerning the impact of the draft on law schools and law students:

"Resolved, that the Association of American Law Schools, in addition to the position taken by it on the recommendations of the American Council on Education, recommends that, if feasible, the I-S classification be restored and applied to any student until the end of the term in which his current courses will be completed."

The law schools are particularly concerned about this matter because a substantial number of law courses, especially those in the first year, cover an entire academic year, instead of the more customary period of one term. For a student to be taken out of such a course before its normal termination can severely interfere with the continuation of his progress toward a degree after his return from military service.

We hope that you will be willing to consider giving advice to local boards that would be helpful in this specific request.

For your convenience, I am enclosing herewith a copy of the full text of the resolutions adopted on December 30, 1967, concerning the effect of the Selective Service System on law schools and law students.

Sincerely,

MICHAEL H. CARDOZO,
Executive Director.

Mr. BRADEMAS. Mr. Erlenborn.

Mr. ERLENBORN. I am interested in your question on page 2 as to whether title III will be extended to law schools.

From your reading of the language of the bill, do you think that title III-B will be construed to extend to law schools?

This is on page 2 of your statement where you say in the last full sentence:

We believe it should be made clear that this provision includes programs leading to a professional degree which would embrace candidates for law degree.

Mr. MALONEY. The language "equivalent degree" was inserted in the legislation. At the time, I know we conferred with Mr. Gibbons and I believe the equivalent degree language was perhaps his. I believe that at the time he thought that it would include law students who had

already an undergraduate degree. I am not sure of the interpretation of it. This is the reason that I suggested the language "professional degree" might assure that.

I might add that it has only been this year, I believe, that even any of our doctor of juridical science programs have received any assistance in the fellowship area.

Mr. ERLNBORN. I was curious whether this language would be broad enough to include it. Of course, your students who receive the S.J.D. degree are taking no different course of instruction than those who receive the bachelor of laws.

Mr. MALONEY. Yes, sir; they are. They are taking a program that will take 2 to 3 additional years beyond the first degree in law. The J.D. is now the preferred degree in law schools and roughly two-thirds of the law schools have switched from the LL.B. to the J.D. recognizing the fact this is professional training beyond the first degree because most of our law schools require an undergraduate degree as an admission criteria.

Mr. CARDOZO. Could I add a word to that? The language in the act in section 322(a) of the bill says, "Programs leading to a degree of doctor of philosophy or an equivalent degree."

Now we think it is easy enough for this purpose to say that the LL.B. or J.D. is equivalent because it is 3 years beyond the first university degree. But, of course, it is not equivalent in the sense that it is not a research degree such as the doctor of philosophy.

If that clause there included an expression such as "degree for programs leading to a professional degree" as well as "and other equivalent degrees," it would make it doubly clear and, of course, we would be delighted.

Mr. ERLNBORN. Of course, you realize this part only applies to developing institutions?

Mr. CARDOZO. In section 321, part B of title III? Maybe I am interpreting it incorrectly but title III originally applied only to developing institutions.

It seems to be a new part dealing with graduate programs generally. That is the way it looks.

Mr. ERLNBORN. You would think that part B would apply to all graduate schools whether they are developing institutions or not?

Mr. MALONEY. This is the way we were reading it, sir.

Mr. ERLNBORN. I am curious, if it did apply only to developing institutions, how many law schools do you think would fall into that category.

Mr. MALONEY. Very few.

Mr. CARDOZO. There are some and some with which we are somewhat concerned.

Mr. ERLNBORN. Because they are not developing?

Mr. CARDOZO. No; because we want to see them develop, yes.

Mr. ERLNBORN. I think we had some difficulty in the prior program of aid to developing Institutions in trying to decide what were developing institutions.

As I understand it, almost all schools, including Harvard and Yale, include themselves as developing and qualified for help under this title.

I have no further questions.

Mr. BRADEMAs. Mr. Quie.

Mr. Quie. I have no questions.

Mr. BRADEMAs. I have one other question, if I may.

As you indicated, Dean, you are concerned that not enough fellowships are being made available to law schools. And you also made the point that you were in support of the Public Service Education Act.

That particular title authorizes fellowships for people planning to enter the public service, as you know.

Looking at page 112 of H.R. 15067, the bill under consideration, I note that the programs to be approved there are to provide for the education of persons for the public service or the education of persons in a profession or vocation for whose practitioners there is a significant and continuing need in the public service.

I should have thought that they would be a wide open door for lawyers, especially in view of, just to cite one example, I think the very fine leadership that American law schools and the American Bar Association have been giving in the poverty program, particularly in the provision of legal services for the disadvantaged.

Do you have any comment on that?

Mr. MALONEY. I would certainly agree, and this may be the way in which some of the fellowship aids will be equalized.

Mr. BRADEMAs. Thank you very much, gentlemen. We appreciate your testimony.

Mr. MALONEY. It has been a real privilege to be here.

(Mr. Cardozo's prepared statement follows:)

STATEMENT OF MICHAEL H. CARDOZO, EXECUTIVE DIRECTOR, ASSOCIATION OF AMERICAN LAW SCHOOLS

The Association of American Law Schools, whose membership consists of 118 law schools in the United States, supports the Higher Education Amendments of 1968 because of the great importance to the national welfare of federal assistance to institutions of higher education. Such assistance makes it possible for them to carry out their responsibilities to society effectively and contributes to the aim of insuring that no student will be denied an opportunity to attend an institution of higher learning because of lack of personal resources. Our Association recognized that law schools are among those institutions to which the President's message of February 5, 1968, was addressed, when he said that "The prosperity and well-being of the United States—and thus our national interest—are vitally affected by America's colleges and universities, junior colleges and technical institutes," and welcome his assertion that "their problems are not theirs alone, but the nation's." We believe that this legislation reflects the nation's aim to help solve these problems.

Specific provisions of the bill have particular significance for legal education. The following comments will reflect the views of our Association on those provisions.

TITLE II. LIBRARIES

This Title extends the college library resources program, and we support it. Strong libraries are vital to legal education, and we welcome the direct benefits that law school libraries will be able to obtain under Title II in the acquisition of reading materials, training of personnel and development of mechanical aids to administration.

TITLE III. DEVELOPING INSTITUTIONS AND GRADUATE PROGRAMS

Part B of Title III of the House Bill, H.R. 15067, provides for the improvement of graduate programs. Section 321 of that bill states that "The purposes of this Part are to strengthen and improve the quality of doctoral programs of graduate schools, and to increase the number of such quality programs." Section 322(a), in

furtherance of these purposes, provides for the Commissioner of Education "to make grants to institutions of higher education having programs leading to a degree of doctor of philosophy or an equivalent degree." Law study is a graduate program designed to train students to become members of the legal profession. We believe that it should be made clear that this provision includes "programs leading to a professional degree," which would embrace all candidates for a law degree who had previously received a college baccalaureate degree. Clearly, it also embraces programs leading to the S.J.D. degree. Legal education should be able to receive some meaningful support under this provision in meeting its great needs, although we recognize that such support could not meet its total needs. It is for that reason that we are supporting the establishment of a National Foundation of Law under separate legislation.

TITLE IV. STUDENT ASSISTANCE

As a general principle, we support programs of financial aid for students. Both the students and the institutions will benefit as a result of the strengthening of the student aid programs covered by Title IV, the Educational Opportunity Grants, National Defense Student Loans and Work Study Programs. The educational opportunity grants help to prepare them for law and other graduate study. Both the National Defense Student Loan and the Work Study Programs have direct applicability to law students, and will help a significant number of law students to complete their legal education. In addition, law schools have successfully utilized the Work Study Programs in furtherance of their overall objectives in professional training.

We are particularly interested in the new Part C of H.R. 15067, Special Services for Disadvantaged Students. The objectives of this Part correspond with the purpose of the newly established Council for Legal Education Opportunity, a joint venture between this Association, the American Bar Association, the National Bar Association and the Law School Admission Test Council, with financial help expected from the Ford Foundation and the Office of Economic Opportunity. It is through programs of this nature that the legal profession hopes to be able to attract into its ranks students from disadvantaged backgrounds who would ultimately be able to make valuable and significant contributions not only to the law but to society at large. We are gratified that this new Part C is included in this bill, and are confident that it would provide a valuable supplement to the programs being developed by the Council for Legal Education Opportunity.

TITLE VI. INSTRUCTIONAL EQUIPMENT AND MATERIALS

Part A of H.R. 15067, covering Equipment and Materials for Higher Education, no longer has subject matter limitations and is extended to graduate schools and departments. This is particularly important to the law schools, now that many of them are beginning to consider seriously a greater use of audio visual and closed circuit television equipment in the regular course of instruction.

TITLE IX. NETWORKS FOR KNOWLEDGE

We support the "Networks for Knowledge" program, which would provide for the sharing of educational and related resources among colleges and universities through cooperative arrangements. Particularly useful from the point of view of the law schools and their libraries would be the increased opportunities for the sharing of curriculum materials and information, joint operation of closed circuit television facilities, faculty exchanges, and the creation of electronic computer networks.

TITLE XI. FACILITIES

This Title, by extending the Higher Education Facilities Act of 1963 beyond the original expiration date, will be of great value to the law schools. Already we have seen these programs providing great aid to legal education by furnishing essential funds for buildings to accommodate the wave of students seeking education in the law.

TITLE XII. EDUCATION FOR PUBLIC SERVICE

The law schools are anxious to contribute as much as possible to the encouragement of students who desire to enter careers in public service. Law schools offer many courses that are relevant to students moving in the direction of such ca-

reers. Under this Title, The Education for Public Service Act, many schools would ultimately be in a position to adopt stronger programs in the field of public law relevant to training for public service.

Mr. BRADEMAS. Could we next hear from Mr. Cain and Mr. Godfrey and some other colleagues?

Mr. CAIN. Mr. Chairman, I believe those will be heard later.

Mr. BRADEMAS. If you would be kind enough to summarize your statements because we have only an hour and a number of witnesses to hear from and yours is a rather long statement. Will you identify yourself and go ahead.

STATEMENT OF JOHN L. CAIN, DIRECTOR, ENGINEERING EXTENSION SERVICE, AUBURN UNIVERSITY, AUBURN, ALA., PAST CHAIRMAN, COOPERATIVE EDUCATION DIVISION, NCCE, ON BEHALF OF THE COOPERATIVE EDUCATION ASSOCIATION; ACCOMPANIED BY GEORGE MILLER, PRESIDENT-ELECT OF THE COOPERATIVE EDUCATION ASSOCIATION

Mr. CAIN. Thank you, Mr. Chairman.

This statement is related to Federal support for cooperative education programs in the United States.

Mr. Godfrey, who is referred to in the statement, was unable to be here and with me is Mr. George Miller who is president-elect of the Cooperative Education Association.

I am John L. Cain, past chairman of the Cooperative Education Division, American Society for Engineering Education.

Mr. Miller and I represent the two organizations in the United States whose members are involved in cooperative education. Combined membership of these organizations is approximately 1,500 which includes faculty of institutions of higher education and industrial, business, and governmental agency representatives.

Recent statements and reports have emphasized the need for and importance of more closely relating academic studies to the world of work and the community. Cooperative education is that method of higher education which involves alteration of periods of full-time academic study with full-time educationally related work-experience assignments of students in industry, business, and government.

Educational values of the work experience are stressed and responsibility for approval of the assignments of students rests with the educational institution.

This work experience must be realistic and purposeful. Young people want and need genuine jobs which are meaningful, constructive, and a source of pride. Some of the distinct advantages of cooperative education includes stimulation of the establishment of higher personal goals for education and career.

Experiences enable young people to learn to adapt and apply knowledge and gain experience and how to relate and adjust to individual groups and situations in the adult environment of the workaday world.

Experience also develops more fully personal qualities of self-reliance, judgment, initiative, ambition, and creativity which enables the individual to become a more productive and responsible citizen.

Cooperative education also offers a gateway to education and career opportunities which otherwise might be financially unattainable to our youth and thus contribute significantly to the better utilization of our human resources and manpower.

It also provides year-round utilization of educational facilities and reduces the problem of peak student manpower availability during the summer.

Recognizing that the Congress is considering legislation which affects cooperative education and the members of our organizations, the cooperative education division of the American Society for Engineering Education and the Cooperative Educational Association recommend and request that any authorization for appropriations for expanding and promoting cooperative education in institutions of higher education be separate from authorization for funds providing part-time employment for students.

It is essential we feel that a clear distinction be made between cooperative education and work-study in the legislation and its implementation.

The purpose primarily of cooperative education is to provide educationally related work experience for any student who may benefit while work-study programs primarily provide part-time employment and financial aid for economically disadvantaged students.

It is also recommended that a committee of persons knowledgeable in the field of cooperative education be established to advise the Commissioner of Education regarding policies and regulations related to legislation which may be enacted.

We are pleased to offer on behalf of our two organizations whatever assistance may be desired.

We recommend that institutional support for cooperative education not be based on income criteria of parents or other financial support available to students who participate in such programs and that funds which may be appropriated for support of cooperative education by the Congress be administered by the Office of Education with a request for such funds submitted directly to this Office and grants made directly to institutions or through appropriate governmental agencies.

The cooperative education division of the American Society for Engineering Education and the Cooperative Education Association believe that Federal support is both necessary and desirable for the expansion and development of cooperative education in institutions of higher education in the United States.

Mr. Chairman, it is a pleasure for Mr. Miller and me to appear before the subcommittee and to offer this testimony on behalf of Federal support for cooperative education.

(The documents referred to follow:)

JOINT STATEMENT BY JOHN L. CAIN, PAST CHAIRMAN, COOPERATIVE EDUCATION DIVISION, AMERICAN SOCIETY FOR ENGINEERING EDUCATION, AND JAMES GODFREY, PRESIDENT, COOPERATIVE EDUCATION ASSOCIATION

Madame Chairman and other members of the Special Subcommittee on Education: Mr. Godfrey and I represent the two organizations in the United States whose members are concerned with cooperative education. Combined membership of the organizations is approximately 1,500, which includes faculty of institutions of higher education and industrial, business, and governmental agency representatives. We appreciate the invitation to appear before the Committee to express the views of the two organizations regarding consideration

which is being given to changes in the Higher Education Act which affect cooperative education. This appearance is the first time that representatives of the organizations have appeared before the Special Subcommittee on Education.

The concern of the Congress regarding educational opportunities and the quality of education for our youth is indeed commendable. This concern, we assure you, is shared by the members of the organizations which we represent. Mr. Godfrey and I are very gratified that the Congress is addressing itself to support of cooperative education.

Recent statements and reports have emphasized the need for and importance of more closely relating academic studies to the world of work and the community. The Select Committee on Education of the University of California stated in its report that "It is evident that there are social and economic benefits as well as educational ones to be expected from a program of field studies", and Dr. Harlan Hatcher, former President of the University of Michigan said "The quicker we find ways of interrelating the student with the ways of the working world the better".

Cooperative education is that method of higher education which involves alternation of periods of full-time academic study with full-time educationally-related work-experience assignments of students in industry, business, and government. Educational values of the work experience are stressed, and responsibility for approval of the assignments of students rests with the educational institution.

Work experience of students must be realistic and purposeful. "It's gotta be for real, Man", is a familiar byline of today's youth, and it is relevant in education and work as well as other life situations. The report of Transcentury Corporation on the study of federally-financed youth programs clearly indicated that what young people want and need are genuine jobs which are meaningful, constructive, and a source of pride. Valid cooperative education programs require that the experience assignments provide genuine learning situations. It is essential that the work be useful and educational as well as related to the student's career preferences.

Experiences of students through participation in cooperative education:

1. Increases awareness of the demands as well as the opportunities which lie ahead and stimulates establishment of higher personal goals for education and career.

2. Enables young people to learn to adapt and apply knowledge to beneficial ends in the solution of practical problems, and provides experience in how to relate and adjust to individuals, groups, and situations in the adult environment of the work-a-day world.

3. Develops more fully personal qualities of self-reliance, judgment, initiative, ambition, and creativity, which lead to the individual's becoming a more productive and responsible citizen.

4. Imparts to young people a better understanding of rights, freedom, privileges, and opportunities, but also the responsibilities which are inherent and essential in an organization and in our society.

5. Enables business, industry, and governmental employers of students to participate directly in the educational endeavor and in the learning and maturation processes of young people.

6. Enables a young person to fulfill his innate urge to build and to do at an earlier age and provides him an opportunity to contribute to and enjoy the excitement of progress.

7. Offers a gateway to educational and career opportunities which otherwise might be financially unattainable to many of our youth and thereby contributes significantly to the development and better utilization of our human resources and manpower.

8. Provides year-round utilization of educational facilities and reduces the problem of the peak of student manpower availability during the summer.

In 1966 a committee of the Cooperative Education Division of the American Society for Engineering Education was appointed to develop goals for cooperative education. At the Cooperative Education Conference in January of this year at Houston the preliminary report of the committee was presented and discussed. This national Conference is sponsored annually by the two organizations which we represent and was attended this year by more than 300 members of the two organizations and others interested in cooperative education.

Since it is timely and significant and represents the opinions of many who are involved in cooperative education, the preliminary report of the committee is attached to this statement as a matter of information. It should be recognized that this preliminary report may be modified, but it is expected that the final re-

port, which will be completed this spring, will be formally approved by both organizations.

It is recognized that a significant reason for striving for higher education is to earn a better living and to achieve a better life; cooperative education offers young people the opportunity to begin earning and become productive members of society earlier.

Recognizing that the Congress is considering legislation which affects cooperative education and the members of our organizations, the Cooperative Education Division of the American Society for Engineering Education and the Cooperative Education Association recommend and request:

1. That any authorization of the Congress for appropriations for expanding and promoting cooperative education in institutions of higher education be separate from authorization for funds providing part-time employment for students. It is essential that a clear distinction be made between *cooperative education* and *work-study* in the legislation and its implementation. The primary purpose of *cooperative education* is to provide educationally-related work experience for any student who may benefit, while *work-study* programs primarily provide part-time employment and financial aid for economically disadvantaged students.

2. That a committee of persons knowledgeable in the field of cooperative education be established to advise the Commissioner of Education regarding policies and regulations related to legislation which may be enacted. We are pleased to offer, on behalf of our organizations, whatever assistance may be desired.

3. That institutional support for cooperative education not be based on income criteria of parents or other financial support available to students who participate in such programs.

4. That funds which may be appropriated for support of cooperative education by the Congress be administered by the Office of Education, with requests for such funds submitted directly to this Office and grants made directly to institutions or through appropriate governmental agencies.

The Cooperative Education Division of the American Society for Engineering Education and the Cooperative Education Association believe that federal support is both necessary and desirable for the expansion and development of cooperative education in institutions of higher education in the United States.

PRELIMINARY REPORT OF THE GOALS OF COOPERATIVE EDUCATION COMMITTEE, CO-OPERATIVE EDUCATION DIVISION, AMERICAN SOCIETY FOR ENGINEERING EDUCATION, PRESENTED AT THE 1968 COOPERATIVE EDUCATION CONFERENCE, HOUSTON, TEXAS—JANUARY 22–24, 1968

MEMBERS OF THE COMMITTEE

Paul A. Bierwagen, Manager, Education Services, Allis-Chalmers Mfg. Co., 1126 S. 70th St., Box 512, West Allis, Wisconsin.

John L. Cain, Director, Engineering Extension Service, Auburn University, Auburn, Alabama 36830.

Russell E. Dennis, Cooperative Education Coordinator, National Security Agency, Fort George G. Meade, Mr. 20755.

James T. Godfrey, Coordinator, Cooperative Education Program, Lockheed Missiles & Space Co., 599 N. Mathilda Avenue, Sunnyvale, California 94088.

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F. G. Seulberger (ex officio), Assistant Dean, The Technological Institute, Northwestern University, Evanston, Illinois.

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James G. Wohlford, *Chairman*, Director, Cooperative Division, Georgia Institute of Technology, Atlanta, Georgia 30332.

PREAMBLE

Relating learning to career and life has become an increasing concern of higher education as well as of society in general. The preparation of students for their careers and their place in society should include exposure to the off-campus environment of which the young people will later be a part. Much

important learning—perhaps more realistic and relevant than that in the classroom—takes place through extra-curricular or out-of-school situations.

Rapidly changing and evolving technical developments in industry, business, government, and education which affect society make it increasingly difficult, but also increasingly important, to keep education intimately related to these developments. These demands place greater emphasis on cooperative education as a method by which this relationship can be achieved and maintained.

Cooperative education is that method of higher education which involves regularly planned alternation of full-time academic study with essentially equal periods of full-time experience in career-related work assignments. This exposes the student to the world of work and provides a broader and richer preparation for work and life than does the conventional program. The experience in an industrial and professional environment contributes to the maturity and breadth of the student and enables him more clearly to define his educational and career interests and objectives. Experience is secured during the formative years of life which probably would not be possible after graduation, and this experience makes a significant contribution to the student's total education.

This plan of education has been conducted successfully in the United States since 1906, and evaluation of the plan has confirmed distinct advantages of the study-experience educational method. Educational institutions and employers experienced in cooperative education welcome recent moves to expand the utilization of this concept to include additional educational institutions and additional academic and professional fields. In this situation, care must be exercised that overemphasis on size and quantity may jeopardize the improvement in existing programs as well as encourage initiation of ill-conceived or poorly administered programs.

It is in the spirit of earnestly desiring to build effectively on the superior qualities of cooperative education for a greater fulfillment of well-established principles and objectives and a greater realization of the full potential of cooperative education that this statement has been prepared.

PRINCIPLES

The placement of the student is the most important ingredient in bringing about successful educational and personal development experience for the student. As a result, the foremost consideration in any cooperative education program should be to provide the student with educationally-related work experience—experience that will enhance the student's knowledge, personal development, and professional preparation. Cooperative education should not be considered a financial aid program. Although students are paid during their work-experience terms—at rates established according to the work performed—the financial gain to the student is an incidental by-product of the cooperative system.

The work experience in cooperative education programs often develops greater maturity of the student, along with higher motivation and improved academic performance.

After initial placement, coordination of work experience with academic progress is essential. This is accomplished by visits of institutional representatives to the employers to discuss with employer representatives the student's progress, by visits with the students while they are at work, and by work reports which are written by the students. Interviews with students after their return to the campus are also important to assure successful progress of the student.

Some institutions offer cooperative education on an optional basis, while other institutions enroll all of their students on a cooperative basis. In optional programs, scholastic requirements for continued enrollment in the cooperative program may be established which are higher than requirements for enrollment at the institution. It is not felt, however, that only students who are exceptional academically may benefit from the experiences which are provided by cooperative education.

Admission of students to a cooperative program is the responsibility of the educational institution and not the employer, whether or not the program is offered on an optional basis. The student must be accepted by the institution before placement with an employer. It is not felt that placement prior to com-

pletion of at least one period of residence at the institution is desirable. Any placement prior to this enrollment should be discouraged since it cannot properly be supervised by the institution, and adequate orientation of the student cannot be performed.

It is the responsibility of the institution to conduct an orientation of students prior to placement. This orientation should include information regarding academic requirements, supervisor's evaluation of students, required reports, placement opportunities, industrial safety, and other relevant matters, including the student's responsibility to his employer. It is essential that the student be aware of what to expect prior to his first work assignment.

A bona fide cooperative program involves regularly planned alternation of full-time academic study with full-time experience assignments. The academic and the industrial periods should be of approximately equal length. Experience periods should be of substantial length in order to insure that the student will have the opportunity to assume and to discharge significant and responsible assignments during each period. Experience during normal summer vacations of students in conventional curricula is not considered cooperative education, however meaningful the summer work may be for such students. In cooperative education programs, students should have a total of at least one year of institution-supervised work experience in several industrial periods.

Written reports by the student enhance his understanding of his work, and they provide practice in communication. The reports, when required, should have appropriate review and evaluation by the employer, including those reports involving security, and also by a faculty member.

GOALS FOR COOPERATIVE EDUCATION

The continuing progress and potential expansion of cooperative education require that rigorous appraisal be given to the future growth and development of this method of higher education.

It is believed that the following goals will serve as a basis for the development of different and new approaches which will contribute to developing more fully the potential of cooperative education. Hopefully, these goals will open up new horizons and both institutions and employers will be encouraged to think imaginatively about changes and improvements in existing and future programs.

First: A desirable goal is to produce and promulgate a set of guidelines designed for the use of an employer or institution considering the initiation of a program of cooperative education for the first time.

Second: The instructional value of a properly coordinated work experience is not only an integral, but a uniquely significant component, of any cooperative education program. The permanent institutional record of the student in a cooperative education program should indicate participation in the program. Appropriate recognition upon graduation should be accorded students by designation on the diploma or other appropriate means.

Third: In recognition of the educational value of a properly supervised cooperative education program consideration might wisely be given at this time to the possibility of granting academic credit for the work experience of the cooperative student. Institutions should be encouraged to explore possibilities for granting such credit. As a first step, a committee might be appointed to explore present practices in institutions of higher education for the granting of credit for work experience. Such a committee might well consider criteria which could be recommended for use by institutions concerned.

Fourth: The recognition of the professional aspects of the coordinator's position within the academic community as well as within the industrial community is necessary if he is to perform successfully the many tasks for which he is responsible. He serves as academic counselor, guidance counselor, career catalyst, as well as administrator of all phases of the program.

Faculty rank should be accorded the coordinator which is in line with the level of his responsibilities. He should be encouraged to broaden his outlook by maintaining membership in national professional organizations as well as cooperative education organizations. Institutions and employers alike should act to assure the coordinator of his professional standing. They should encourage the continued development of an attitude which recognizes the coordination profession as one with uncommon rewards and as a desirable and exciting career in itself.

Fifth: It is suggested that careful consideration be given to the possibility of more thorough accreditation procedures of cooperative education programs. Such accreditation procedures might provide a means of strengthening existing programs and might provide guidelines for institutions contemplating the initiation of a cooperative education program.

The following criteria could be considered in contemplating a more thorough accreditation program:

Does the institution maintain—

A formalized alternation of periods of academic college training with periods of work experience of approximately equal length?

Student work assignments which are closely related to academic and vocational aspirations?

Continuing follow-up by both the college and employer on the training content, direction and quality, both academic and practical?

Provision for progressively more responsible positions and increases in quantity and quality of work experience correlated with similar movement in the academic component?

Undue haste in attempting to establish more thorough accreditation procedures might lead to harmful results. Indeed, it would be advisable to delay action in this area beyond the point of necessity rather than giving in to the inclination to act too hastily. Without careful planning and consideration an ill-conceived accreditation program could result.

Instead, a thorough and comprehensive study by qualified persons, aware of existing accrediting agencies and their practices, might conceivably develop a step-by-step plan which would ultimately lead to the type of effective accrediting methods needed. Such a program would desirably be developed within the framework of existing accrediting agencies. It is felt that no new accrediting agency should be created for this purpose; at least not for several years, and after substantial effort has been made to accomplish the goal through existing agencies.

Sixth: As a means of achieving the above goals, it is recommended that a national committee representing the *entire* cooperative community be formed. Such a committee might consider the establishment of a national office to speak for cooperative education on the national and international level. The national office would have the responsibility for relations with the Selective Service System, the Internal Revenue Service, state and federal Unemployment Compensation Commissions, and similar groups. It would be desirable that such an office distribute and make available to the public proceedings of various cooperative education conferences, as well as preparing and distributing nationally a list of all cooperative institutions.

Considering some of the opportunities which cooperative education now faces and will face in the future, there is a need for those involved in it to work together. So that a beginning might be made toward achieving the above goals, a national conference, possibly a White House conference, on cooperative education should be jointly sponsored by organizations which are concerned with cooperative education. Such a conference would include representatives of institutions with cooperative education programs, industry and government representatives, and those members of the Congress who have been involved in legislative matters pertaining to education.

The Cooperative Education Division, A. S. E. E., should invite the Cooperative Education Association to join in considering these recommendations. Both organizations could work together in implementing those goals which might lead to fuller realization of the best qualities and benefits available in cooperative education.

Mr. BRADEMAS. Thank you very much, indeed, Mr. Cain.

I want to say at the outset that I think your statement is one of the most lucid I have seen in explaining what cooperative education is and in particular in pointing out the distinction between cooperative education and work-study programs, and we are very grateful to you for making that distinction.

I know that the senior Senator from my own State, Senator Vance Hartke, has been a very vigorous champion of your cause, and I would like to take note of that fact here.

I wonder if you could comment on the proposal that the distinguished member of this subcommittee, who is unable to be with us today, Mr. Gibbons, of Florida, has suggested to the subcommittee with respect to cooperative education.

I take it you are familiar with his proposal and perhaps you could describe it for us.

Mr. CAIN. Yes. This proposal, Mr. Chairman, does essentially provide what we request. I understand that this has not been officially submitted to the House and as a consequence we had not expected to comment specifically on this particular proposal which is being considered for introduction in the House.

But it is our feeling that the legislation as proposed by Representative Gibbons, of Florida, would achieve what we feel should be achieved in distinguishing cooperative education from Federal support for part-time employment or work-study programs.

Mr. BRADEMAs. At a time when we are moving in the direction of trying to streamline and consolidate various Federal aid to education programs, would you be fearful that this particular proposal is moving in the wrong direction?

Mr. CAIN. Certainly this is a consideration, Mr. Chairman. But it is our feeling that it would still be desirable in making this distinction in terms of administration of Federal funds within institutions of higher education since generally work-study funds are administered through the student financial aid office of an institution and cooperative education programs are administered through the academic segment of the institution.

Mr. BRADEMAs. Thank you very much, indeed.

Mr. QUIE. What are the particular costs of an institution providing cooperative education that are not cost of operation of the traditional university of higher learning?

Mr. CAIN. These costs involve personnel who interview, counsel with students regarding their career interest and regarding the employment opportunities which are available in a particular program.

It involves, of course, support for general office expenses, communications, travel, and expenses of that nature which are directed only to students in cooperative education programs.

It must be understood that institutions may elect to offer cooperative education as an optional program to those students who are interested and who may qualify, or it may be offered to all students within a particular institution and may in effect be required for all students within a particular institution.

Mr. QUIE. In an institution where they move from the traditional type to cooperative education, what have been the additional costs per student or, in the case of an institution where they have both, perhaps it would be easier to make the comparison of what is the additional cost per student for cooperative education?

Mr. CAIN. I can really only speak for my institution in which we have over 600 cooperative education students and our budget for the cooperative education program is approximately \$35,000.

Mr. QUIE. Have you broken this down per student? If you don't have it here, I would be glad to have you put it in the record.

Mr. MILLER. I will be glad to add this, that one coordinator in a cooperative education program being particularly like we have at the University of South Florida handles 100 to 125 students and the coordinator is in the salary range of \$10,000 to \$13,000 a year plus approximately half of a secretary's time.

Mr. QUIE. Do you break this down on a per student basis, comparing it with a student who goes through higher education not under a cooperative arrangement with one who does? If you would break that down on a per student basis, it would be helpful.

Mr. MILLER. We will be glad to submit it to you.

Mr. QUIE. How many institutions of higher learning have a cooperative education program as a part of the entire program and how many of them have cooperative education as their entire program for students?

Mr. MILLER. There are approximately 119 schools that currently have a cooperative education program of some kind. However, I believe only three schools have it more or less totally within the school, everyone being a co-op student. Northeastern, Drexel, and Antioch and Wilberforce, also. There may be others. There are a total of 119 that have some phase of cooperative education.

Mr. QUIE. Is there a trend in that direction, in other words, an expansion? I am just checking through the statement on Wilberforce. There is an expansion of enrollment at Wilberforce, but, of course, there is an expansion in other universities, too.

But is there a trend toward cooperative education?

Mr. MILLER. I would say in the past 6 or 7 years the number of schools participating in this type of program have more than doubled and also the number of students participating have more than doubled.

Mr. QUIE. Thank you.

Mr. BRADEMAs. Mr. Erlenborn.

Mr. ERLNBORN. I have no questions.

Mr. BRADEMAs. Thank you very much, indeed, gentlemen. We appreciate your testimony.

Mr. MILLER. Thank you for the opportunity to appear.

Mr. BRADEMAs. The next witnesses represent the National Commission for Cooperative Education. Will you please come forward and introduce yourselves. I hope, also, you will be kind enough to summarize your statements and enable us to put any questions we may have to you.

STATEMENT OF REMBERT E. STOKES, PRESIDENT, WILBERFORCE UNIVERSITY, WILBERFORCE, OHIO, ON BEHALF OF THE NATIONAL COMMISSION ON COOPERATIVE EDUCATION

Mr. STOKES. Mr. Chairman and distinguished members of this committee:

I am the first of three college representatives advocating this legislation, representatives of three diverse institutions, a private, predominantly Negro college in the Midwest, the State College in Florida and the college in the inner city of Detroit.

I am Rembert Stokes, member of the National Commission on Cooperative Education and president of Wilberforce University, the

oldest predominantly Negro college in the country, owned and operated by Negroes.

In 1957, we adopted a program in cooperative education which has had great and meaningful and beneficial results to our student body.

It is difficult, if not impossible, to conceive of a greater educational benefit to students from deprived background than the opportunity to work in career related jobs which enables them to find suitable vocational aims and to direct their academic studies and job experience accordingly.

As our program has increased we now become the only predominantly Negro college in the country with the full-scale required cooperative education program.

However, several other Negro colleges have some types of co-op programs and there is a conference being sponsored this summer which will include many of these predominantly Negro colleges to consider ways and means in which more of them may receive the benefits of cooperative education.

I feel that this kind of education has great significance for these predominantly Negro colleges. I cannot overstress the impact and momentum which the introduction of a cooperative education program has brought to the regeneration of our college in terms of stimulating changes in curriculum, in the quality of teaching and in maturing the attitudes of students toward learning and becoming a productive member of society.

One result was that we have had to liberalize all of our puritanical social regulations because students have said you have thrown us on jobs in major cities without supervising us and then you bring us back to the campus and make us come in at 9:30 in the evening. So that has been a side effect of co-op education.

Up to date, we have had 1,191 students participating in the co-op program. The total enrollment of our college in 1964 was 415. Last fall, it was 939. We attribute much of this growth to the interest on the part of students and perhaps even a greater interest on the part of parents to give their children an opportunity to get exposed to the world of work as they receive their liberal arts education.

On page 4 you will see the kind of significant jobs available to students at Wilberforce University. I think that the experience has convinced us that the following outcome for co-op education experience is reasonable.

Dispelling of doubt and belief that real career opportunities exist and in our situation this has done much to span the credibility gap which young Negroes face as these expanding opportunities are opened to them. Fresh motivation for the student to pursue his education through study and related experiences and so forth.

I will not read these other objectives but they are being realized through our program. The development of cooperative education at Wilberforce and elsewhere has been assisted vitally by the Federal programs under the Higher Education Act of 1965.

A group of economically deprived students will particularly benefit from the opportunity to study and to have employment experience in a cooperative college. You have discussed with the previous speaker

the expense and the necessity of staffing so I will not repeat what I have stated here, except to say that in colleges where work-study programs operate for economically disadvantaged students within a conventional noncooperative program, the cost of administration will be in the range of \$10,000 for 100 students served.

Federal funds earmarked for cooperative and work-study programs are a tremendous help in making cooperative education available for the disadvantaged and for other students.

The cost of developing this kind of education is relatively small when compared to the economic and educational benefits provided for students, employers, colleges, and for society.

I, therefore, urge the endorsement by the House Special Subcommittee on Education of the provisions in H.R. 15067 for the continued extension of student aid in the form of grants, loans, and work-study opportunities for the economically deprived students and especially for the broadening provision to use work-study funds for these students in a cooperative education program.

I also strongly urge the endorsement of the new amendment, part E, of title IV, of the Higher Education Act, which is entitled "cooperative education programs."

In my view, this new amendment will enable significant changes to be made in the quality of higher education throughout the Nation.

Thank you very much, Mr. Chairman.

(Mr. Stokes' prepared statement follows:)

STATEMENT OF REMBERT E. STOKES, PRESIDENT, WILBERFORCE UNIVERSITY, MEMBER
NATIONAL COMMISSION FOR COOPERATIVE EDUCATION

Mr. Chairman and Distinguished Members of the Committee, I am Rembert E. Stokes, member of the National Commission on Cooperative Education and President of Wilberforce University, the oldest predominantly Negro college in the country. Since becoming President of Wilberforce in 1957, I have experienced, with loyal faculty and administrative colleagues, a period of definite revitalization, one important feature of which was the decision taken in 1964 to add to our program the alternation of periods of full time study and of full time work experience, best known as Cooperative Education. I have discussed our progress in this new style of education before a National meeting of the Cooperative Education Association, and before a "Plans for Progress" assembly in Atlanta, Georgia.

I continue my strong support of Cooperative Education in this appearance before you on behalf of House Bill HR-15067, especially the provision known as the Educational Opportunity Act and Special Services for Disadvantaged Students. This provision enables not only direct financial grants and loans to needy students but also makes funds available to provide Cooperative employment experience jobs with non-profit agencies concurrent with their studies and/or during alternate work periods in a cooperative program. The practice by a college such as Wilberforce with a Cooperative Education Program provides practical opportunity to test in the field students aspirations and prepares them for realistic careers. This is in addition to basic financial aid which permits college entry and continuation. It is difficult, if not impossible, to conceive of greater educational benefits to students from deprived backgrounds than the opportunities to work in career related jobs which enables them to find suitable vocational aims and to direct their academic studies and job experience accordingly. It is now an actual fact that a wide range of career opportunities beyond the older established professions are open to Negroes that did not exist a few years ago. They do need however the opportunity and guidance through actual experience to explore these widening possibilities and career alternatives.

Wilberforce, with counsel and staff cooperation from a nearby college, introduced Cooperative Education in the Fall semester of 1964, with the help of a generous grant from the Ford Foundation and a private donor. An experienced professional was borrowed from an on-going program for a period of two years to initiate the program. The change was not easy—from a traditional academic program of over 100 years duration, preparing students for limited opportuni-

ties for Negro college graduates, to a deliberate attempt through Cooperative Education to expand career goals and possibilities for new generations of Negro students.

Students, faculty and parents—all were uncertain of the wisdom of the departure from known, safe educational procedures. Attempts at more rhetorical persuasion, what Cooperative Education had meant elsewhere, for other students, had little utility. It was necessary for students to move off campus to jobs, return, discuss their experiences with counsellors, faculty, and fellow students; it was necessary to live through the time required for crystallization and understanding by students of the values to be expected. As momentum has increased, Wilberforce now is the only predominantly Negro college in the country with a full scale, required Cooperative Education Program.

At this point, I should like to suggest what Cooperative Education can do for the development of predominantly Negro colleges. I can not over stress the impact and momentum which the introduction of a Cooperative program has brought to the regeneration of our college in terms of stimulating changes in the curriculum, in the quality of teaching and in maturing the attitudes of students toward learning and toward becoming productive members of society. What has happened at Wilberforce can happen in other colleges serving predominantly Negro students.

Although the aim was clear, the beginning was gradual. Only 19 students were ready and willing to take the first plunge in February, 1965. After the first year of planning, employer recruitment, student and faculty education, the college changed to a trimester system, with academic terms all year round which could be interspersed with terms of full time employment. The following is a breakdown on the student job placement for the periods indicated:

Fiscal year:	Number placed
64 to 65-----	82
65 to 66-----	168
66 to 67-----	324
67 to 68 (plus)-----	332
Anticipated in spring-----	275
Total -----	1,181

Total enrollment of the undergraduate college was 415 in 1964. By the Fall of 1967 the total enrollment, including students on jobs, had increased to 939. Over the 3½ years of Cooperative Education development, a total of 1,181 students have been engaged in the cooperative plan. Earnings for Wilberforce students on cooperative jobs in 1967-68 will be approximately \$983,000.

All students entering in the Fall of 1967 and later are required to have at least 3 successful Cooperative work periods. Many will have more than three work periods by their own choice.

A most important feature of Cooperative Education is the educational and developmental counselling which each student receives before and after each job holding, including staff visits with him and his employer while he is on the job and including also the culminating counselling for purposes of full-time plans after graduation. There is also special orientation of Freshmen to work-study. The post-job consultation on the employer's evaluation of the student's performance and on the student's own written evaluation of his educational gain during the job period is an integral part of the Cooperative Education process.

Among significant jobs available to students are the following:

The Ford Motor Company, Detroit/Rochester, Management Intern.
 Lockheed Missiles & Space Co., Sunnyvale, California, Management Intern.
 Grace Hill Settlement House, St. Louis, Missouri, Group Work Aide.
 Carnation Company, Oakland, California, Management Trainee.
 Manhattanville Community Centers, New York City, Group Work Aide.
 Metropolitan State Hospital, Boston, Mass., Mental Retardation Aide.
 Government of the District of Columbia, Washington, D.C., Program Aide.
 Cleveland Public Schols, Cleveland, Ohio, Teacher Aide.
 U.S. National Aeronautics & Space Administration, Cleveland, Ohio, Laboratory Aide.

Enough experience has been accumulated to know the profound educational improvement in the lives of our students and to predict the following educational outcome from their cooperative work-study experiences.

1. Dispelling of doubt and disbelief that real, new career opportunities exist.

2. Fresh motivation for the student to pursue his education through study and related experiences.

3. Development of a new pride and belief in oneself through practical achievement.

4. Usable knowledge of the requirements, expectations and rewards of being a productive member of society, including for many the stimulation to preparation for higher professional careers.

5. Greater facility for understanding how to live effectively in a complex society.

6. Creation of a campus environment which stimulates the development of the faculty and constructive changes in the growth of the college.

The development of Cooperative Education at Wilberforce and elsewhere has been assisted vitally by the federal programs under the Higher Education Act of 1965—(1) through the provision under Title III for developing institutions; (2) through the student loan and grants provisions; and (3) through the financing of work-study programs for students with low income. This year, Wilberforce has applied to the Office of Education for a grant to encourage the full utilization of educational talent under Section 408 of Title III of the Higher Education Act. Such a grant will enable us to identify worthy students in both rural and innercity areas who are not fully prepared for college, and to provide the guidance and tutoring which will enable them to succeed. This group of economically deprived students will particularly benefit from the opportunity to study and to have employment experience in a Cooperative college.

It should be pointed out that a quality program of Cooperative Education in a college can not be developed without considerable initial additional expense. Good Cooperative Education requires additional professional staffing to manage it. It requires expense for travel and regular supervisory visits with students on their jobs, and with employers. It takes added time of advisors and teachers to bring about the learning potentialities in the work experience and the interaction of studies and job experience. At least a five per cent increase in the educational budget of the college is needed to manage a Cooperative Program for all students. Once a full fledged program gets under way, it can be largely self-supporting.

In colleges where work-study programs operate for economically disadvantaged students within a conventional (non-cooperative) program, the cost of administration will be in the range of \$10,000 for 100 students served, assuming the work-study alternate periods of study in college with periods of full time work experience.

Federal funds earmarked for Cooperative and for work-study programs are a tremendous help in making Cooperative Education available for disadvantaged and for other students. The cost of developing this kind of education is relatively small when compared to the economic and educational benefits provided for students, employers, colleges, and for society.

I therefore urge the endorsement by the House Special Sub-Committee on Education of the provisions in HR 15067 for the continual extension of student aid in the form of grants, loans, and work-study opportunities for economically deprived students and especially the broadening provision to use work-study funds for these students in a Cooperative Education Program.

I also strongly urge the endorsement of the New Amendment, Part E of Title IV of the Higher Education Act which is titled Cooperative Education Programs. In my view, this new Amendment will enable significant changes to be made in the quality of higher education throughout the nation.

Mr. BRADEMAS. Thank you very much, President Stokes.

STATEMENT OF DR. DEWEY BARICH, PRESIDENT, DETROIT INSTITUTE OF TECHNOLOGY, DETROIT, MICH., ON BEHALF OF THE NATIONAL COMMISSION ON COOPERATIVE EDUCATION

Mr. BARICH. Mr. Chairman and distinguished members of the committee, I am Dewey Barich, president of the Detroit Institute of Technology. I am engaged in a higher education venture in the center of one of the most difficult areas needing good urban education that you can find anywhere in the United States.

Education at Detroit Institute of Technology has always been interwoven with the life of the young people of Detroit who are struggling to advance themselves.

Seventy-five percent of our 1,600 students are earning their way through school. Our classrooms are busy from 8 a.m. in the morning until 11 p.m. at night offering courses in engineering, business administration, and the arts and sciences.

It has been said of us in a Parade magazine article that we are housed in drab office buildings in one of the drearier downtown sections of this industrial city of Detroit, it has no campus, no dormitories, and no rah-rah college atmosphere.

Detroit Institute of Technology, as an institution, had a hard uphill struggle to become an accredited institution in 1963, after 70 years of giving educational service to Detroit's people.

Henry Ford taught blacksmithing three evenings a week in the early days. Starting as a YMCA-sponsored institution and having no endowment, its total income, the year before I became president in 1958, other than tuition and fees, was less than \$2,000.

During my years of service in Detroit industry, before I went to DIT, I had become keenly aware of the value of cooperative education programs for colleges and industry as well as for the students.

It is out of this background that I came to the conclusion that institutions, like Detroit Institute of Technology, could assume a viable existence, serve their community best, and provide a real opportunity for students otherwise unable to go to college by joining industry in programs of cooperative education.

I call your attention to the previous testimony and statements to this committee by Dr. Ralph W. Tyler, chairman of the National Commission for Cooperative Education, and the testimony that was presented out of this publication on the usefulness of cooperative education in meeting many of our difficult educational problems.

I was especially impressed by the relevance of the conclusions that Dr. Tyler has reported from a 2-year research study of cooperative education which found:

Cooperative education gives a student an education qualitatively superior in some respects to a conventional college education. Cooperative education students, through their educationally related job experience, become more mature; and their records in graduate school and in employment show that cooperative education is a first-rate college education.

A program which increases student motivation, helps the student to find more meaning in his school studies, attracts more able young people into higher education and enables more of them to go to college should be extended far beyond the relatively small number of colleges now using cooperative education.

I agree with Dr. Tyler.

As I studied the problems of how Detroit Institute of Technology could best serve our students and improve our educational program, and after I inspected the successful programs operated in Boston by Northeastern University—the largest of the institutions of higher education with cooperative education—I became convinced that the Detroit Institute of Technology needed to make this great change in its operations in order to become more useful and more relevant to our young people.

But with our limited resources we could not hire the professional staff to organize a program of educationally related jobs. I was fortu-

nately able, 2 years ago, to secure a small Ford Foundation grant to make a beginning at the Detroit Institute of Technology to reorganize it into a cooperative education institution.

Through a cooperative education program, we provide the chance for students not only to work, but to work in meaningful jobs which help both to pay the cost of their education—and I want to emphasize this—also to provide an important and relevant educational and future job experience.

I want to tell you about two of our young students who have just returned from their first work period. They began working for the Ford Motor Co. last September and finished their first work period this past February 1. They are each 20 years old.

One is a Negro boy who graduated from a Washington, D.C., high school and came to DIT to learn to be an engineer. Last week, he told me about his job, which our DIT coordinator had arranged, at the Gas Turbine Research Laboratory at the Ford Motor Co.

He was placed in the graphics section; and he executed drawings to picture the specifications of new parts for the turbine engine which the engineers wished to have made in the machine shop.

He told me that he found himself surrounded by a staff of engineers who answered his questions, checked and Ok'd his drawings. He showed me proudly over 85 receipts from the machine shop for his drawings which had been used to manufacture new parts for the experimental turbine engine.

By the way, he was earning \$522 a month while he was there.

He told me that he discovered that he could do this job in a very satisfactory fashion. He was transferred to a post of greater responsibility before he had completed this first work period.

His supervisor has already arranged for the job in the research laboratory that they want this Negro student to have when he returns to Ford Motor Co. for his second work period.

This student earned a very well paid income at Ford, but he told me that the most important thing he received from this work experience was the confidence that he now knows that he can become a successful engineer. He told me that he feels more comfortable with his schoolwork and has greater success with it now and that he is sure that he will complete his education.

An educationally related job has enabled this student to feel sure about his career choice of engineering and confident that he has the motivation to finish his education.

He told me that he had never felt positive about this before and had previously been of the opinion that he probably would stick it out to finish college.

May I just add that I talked with his father last night on the telephone for half an hour and he is delighted with what is happening to his son.

The second student is a Michigan boy who graduated from a Grand Rapids high school. He worked for the Ford Motor Co. Dearborn Iron Foundry at River Rouge. He was the foreman in charge of 47 men.

At this point, gentlemen, I would like to insert this statement in the prepared statement. The foundry is not the best place in the world to work. It is usually associated with dirty, noisy, and hard work.

Under the direction of this 20-year-old student, the production of the cores which they are producing tripled without any additional employees or new equipment.

I asked him how he did this. He said that the men had not liked the previous foreman and would not work for him, but that he got the men to work hard for him by treating them fairly.

This student told me that because of personal problems he had become convinced that he was not going to finish college. However, he had found this job a real challenge. He knew that he was a success at meeting it.

The Ford Motor Co. personnel officer wants him to return to their employ. His ambition now is to become a plant manager; and he believes that he has found his career. He also knows that getting a college degree is a needed step toward reaching his goal.

May I say that both these students illustrate fully what Dr. Ralph Tyler points to as characteristic educational values of cooperative education.

The information given to me by our students who have just returned from their first cooperative education job assignments has convinced me of the validity of our decision to transform the Detroit Institute of Technology into a fully cooperative educational institution.

I turn from these important educational considerations to some of the economic facts about cooperative education.

The dollar figures which are proposed in the amendment that I understand Congressman Gibbons is introducing are modest. But Congressman Gibbons' amendment to title IV of the Higher Education Act of 1965 for expanding cooperative education programs would have significant results.

Let me detail the following facts:

1. At the present time in 1968 there are 61,000 students in cooperative education programs in 119 colleges, universities, and community colleges (list is attached) earning \$104 million this year in their full-time jobs in the alternative full-time work periods away from the classroom.

I point out that they pay at least 10 percent of this total in taxes to the Federal and State Governments. The remainder of this \$104 million pays for all or most of the cost of their education this year.

2. The proposed amendment by Congressman Gibbons would enable more than 400 additional institutions of higher learning to move vigorously into programs of cooperative education and offer the opportunity for an additional 250,000 students to become part of this educationally valuable program.

Institutions could receive grants of up to \$75,000 a year to arrange and establish programs of cooperative education for their students.

As a consequence, total annual student earned income from cooperative jobs would amount to the impressive sum of over \$500 million a year, 6 to 8 years from now.

The expansion which would be made possible by Congressman Gibbons' amendment would result in about 5 percent of the total of college and university students participating in cooperative education programs.

I believe that cooperative education is a multivalued educational innovation which has advantages for many different people in many

different kinds of educational programs presented by our diverse educational institutions.

It has the advantage of great flexibility—the type of programs are so varied that each institution can adopt the kind of program and schedule it desires and adapt it to fit its particular needs, facilities, faculty, and existing programs.

Cooperative education programs are at present at work in men's colleges, women's colleges, coeducational institutions, community colleges, liberal arts colleges, universities, and so forth, and in the full range of curriculum offerings.

In advocating the expansion of cooperative education we are not advancing one particular kind of education—we are urging that real experience be added to the existing educational offerings and that this be done by decision of the individual institution drawing on not one—but on many different practical models of cooperative education.

This proposal will, therefore, have a broad economic and educational effectiveness on wide and diverse levels.

Let me cite an example: A grant to set up a cooperative program can organize an important new relationship in which potential student teachers have full-time work periods in schools as assistants to successful and experienced teachers—periods which will alternate with the needed academic work to establish their general education and their teaching skills.

How are we ever to get enough good teachers when so many bright young people quit teaching jobs after the shock and frustrations of the first year of the difficult task of being a teacher in a typical urban slum teaching post?

In a cooperative education program, a student works full time as an assistant to an experienced, competent teacher—then after this work period he goes back to campus and can discuss and reflect on how to meet the problems he has seen firsthand.

Educational excellence and effective financial assistance—both are the true meaning and educational significance of a properly administered cooperative education program—staffed by qualified full-time coordinators who are negotiating, arranging, and supervising full-time educationally related jobs for young students.

A relatively small total Federal outlay over a 5-year period—\$8 million per year as the initiating fund in the first year rising to an annual funding of \$15 million in each of the last 2 years, would make possible grants to a wide number of individual universities, colleges, and community colleges.

This is needed to take advantage of the educational usefulness of cooperative education for our youth. Funds from present budgets are just not available to pay for the initial outlays to start such programs.

In my judgment, it is imperative that our institutions of higher education have the financial help to accommodate their programs to the needs of a vast number of potentially able young people who could come to college and continue in higher education if they could participate in programs of cooperative education.

The public interest and the welfare of our Nation call for this kind of aggressive approach by the Federal Government toward making the mixture of experience and education available and effective for more and more of our young people.

Therefore, I urge favorable consideration of the proposed amendment to title IV titled "Part E—Cooperative Education Programs" and the amendment broadening the authority given to the Commissioner of Education to enable him to authorize agreements using funds for work-study programs to explore and establish cooperative education programs.

Thank you.

Mr. BRADEMAS. Thank you very much.

Dr. Allen, I hope you can summarize this statement; otherwise, we will not be able to ask you gentlemen any questions.

STATEMENT OF DR. JOHN ALLEN, PRESIDENT, UNIVERSITY OF SOUTH FLORIDA, ON BEHALF OF NATIONAL COMMISSION FOR COOPERATIVE EDUCATION

Mr. ALLEN. Mr. Chairman, I am president of the University of South Florida. This is a State university that is urban, in that we have a million and a half people within commuting distance of our campus.

I welcome this opportunity of expressing my views on cooperative education, and I urge your support of amendments to the Higher Education Act, which would give assistance to furthering the cooperative education movement.

It is my belief we have not fully recognized the opportunities for education offered through the cooperative education programs, a plan whereby students alternate between terms of campus study and terms in paid professional training programs in their area of professional interest. It is an opportunity for blending of theory and practice.

It is a worthy plan of education, even without its monetary value.

The income to the student which is taxable income is not only a fringe benefit but is a means by which many of our students are able to continue their studies at the university, as the Florida west coast is an area where people have modest incomes.

At the University of South Florida, as well as in selected areas of the other universities in Florida's university system, we have found cooperative education extremely useful.

At South Florida, we have found it useful in nearly all disciplines in all colleges—the college of liberal arts, the college of business administration, the college of education, and the college of engineering.

While we currently have more than 300 students in our cooperative education program, more than 3 percent of our full-time-equivalent enrollment, only the need for additional finances prevents us from developing more positions with additional employers increasing the size of this program to at least 10 percent of our enrollment and probably more.

We believe a cooperative education program should not merely place the student in a job but place him in a position in his area of professional interest where he can work with others who serve as his field faculty in his area of study.

This means that very few college and university co-op programs can serve the student's best interest by being only local in nature. Our 300-plus co-op students are assigned training positions with business, industrial, and governmental employers in 17 States and the District of Columbia.

There are more than 30 of our University of South Florida cooperative education students here in Washington today, two of them with Congressman Gibbons' office, who are productive in their assignments with their employers and earning taxable income which produces an average of more than \$250 in Federal income taxes per student per year. None of them receive any money from financial aid programs while on these training assignments except for veterans receiving VA benefits.

We have already had a report on the number of institutions that have been cooperative programs and the number it could be expanded to.

Under the expanded program, these 240,000 students should have a gross income of more than \$624 million and from this the Federal Government should have a return of \$60 million in income tax based on \$250 per student whose average co-op earnings are approximately \$100 per week.

This would be approximately \$40 million more than currently being returned to the Federal Government by the present 60,000 students.

This is a very reasonable return on the proposed investment of \$8 to \$15 million a year when the educational value received by the students is considered.

Furthermore, the savings they have accumulated for their educational expenses frees them from lining up for the various financial aid programs, including those federally sponsored. This would then allow others to make use of those financial-aid dollars.

You are probably aware that it has been determined that the World War II veterans who financed their education on the GI Bill educational benefits are earning more on the average than high school graduates and the extra Federal income taxes they have paid reimbursed the Federal Government for its expenditure by 1963. And these veterans are still productive and will continue to pay income taxes on their extra income for the remainder of their productive lives.

Let me break down the average income of a cooperative-education student and show you where his gross earnings go. During our fall cooperative education term at the University of South Florida, a term 13 weeks in length, the average cooperative-education student had gross earnings of approximately \$1,300, spent \$180 on food, \$206 on housing, \$81 on transportation, had \$220 taken out of his pay by withholding for income tax, social security, and retirement purposes, and had miscellaneous expenditures of \$230.

This provided the student with a savings of about \$383 to cover his school expenses for the following quarter.

As these cooperative-education trainee positions are filled the year round by an alternating team of students, the annual figure for a co-op position would be gross income of approximately \$5,200, \$720 for food, \$825 for housing, \$325 for transportation, \$880 for withholding for income tax, social security, and retirement, and a miscellaneous expenditure of \$920.

This provides for the team of two students an annual sum of \$1,532 in savings toward their educational expenses or \$766 each.

Many, after being assisted by NDEA loans and CWSP funds during their freshman year, have moved to our cooperative-education

program, become self-supporting, and no longer need the support of these NDEA and CWSP funds. This gives me a feeling of great satisfaction, also.

Mr. Gibbons is our Congressman; he has two teams of co-op students working in his office. These students are majors in political science, history, or present law.

Mr. Gibbons knows the value of the co-op program.

(Mr. Allen's prepared statement follows:)

STATEMENT BY DR. JOHN S. ALLEN, PRESIDENT, UNIVERSITY OF SOUTH FLORIDA

EXPANDING COOPERATIVE EDUCATION

Madame Chairman, members of the committee assembled here and distinguished guests: I welcome this opportunity of expressing my views on cooperative education, and I urge your support of amendments to the Higher Education Act which would give assistance to furthering the cooperative education movement. It is my belief we have not fully recognized the opportunities for education offered through the cooperative education programs, a plan whereby students alternate between terms of campus study and terms in paid professional training programs in their area of professional interest.

The University of South Florida is a comparatively new university as we opened our doors to our first class on September 26, 1960. Before we opened our doors, it was my belief we should have a cooperative education program, one that would be available to every student desiring to participate.

I had observed other cooperative education programs in previous years and noted that this plan gave a student an excellent opportunity of blending theory and practice and that when the hand and the mind are educated together the knowledge is never forgotten. I believe the cooperative education plan has the potentiality for increasing the meaningfulness of what the student studies on campus and what he observes while on the job. I believe, too, that cooperative education programs convey a distinctive role to an institution, contributing to the institution's personality. And as one of our deans at South Florida has said, "A student in a university who is isolated from life is not likely to learn how to cope with and improve upon his society." Cooperative education, therefore, is a worthy plan of education even without its monetary value. The income to the student, which is taxable income, is not only a fringe benefit but the means by which many of our students are able to continue their studies at the University as the Florida West Coast is an area where people have modest incomes.

At the University of South Florida, as well as in selected areas of the other universities in Florida's university system, we have found cooperative education extremely useful. At South Florida, we have found it useful in nearly all disciplines in all colleges—the College of Liberal Arts, the College of Business Administration, the College of Education, and the College of Engineering.

While we currently have more than 300 students in our Cooperative Education Program, more than 3 per cent of our full-time equivalent enrollment, only the need for additional finances prevents us from developing more positions with additional employers increasing the size of this program to at least 10 per cent of our enrollment and probably more.

We believe a cooperative education program should not merely place the student in a job but place him in a position in his area of professional interest where he can work with others who serve as his field faculty in his area of study. This means that very few college and university co-op programs can serve the student's best interest by being only local in nature. Our 300 plus co-op students are assigned training positions with business, industrial and governmental employers in 17 states and the District of Columbia. There are more than 30 of our University of South Florida cooperative education students here in Washington today, two of them with Congressman Gibbons' office, who are productive in their assignments with their employers and earning taxable income which produces an average of more than \$250 in Federal Income Taxes per student per year. None of them receive any money from financial aid programs while on these training assignments except for Veterans receiving VA benefits.

You may ask, "Why have we not developed this cooperative education program further if we believe in it so much and it is so good?"

It has been determined that one faculty or administrative position can service between 100 and 125 cooperative education students while a university is in a growth position. At more established institutions, the figure increases to more than 150 and a national survey two years ago placed this figure at 147. With the demand for teachers in the classroom, it has not been possible to finance the administrative costs of an expanded cooperative education program even though most desirable. A program that would assist colleges and universities in increasing their administrative positions in order to expand their cooperative education programs would not only serve hundreds of additional students at the University of South Florida but serve additional thousands throughout this country.

Under the proposed amendment, I believe some cooperative education leaders visualize more than 400 institutions having cooperative education programs within six or seven years, serving more than 240,000 students. This is in comparison to some 116 institutions with cooperative education programs today serving some 60,000 students.

Under the expanded program, these 240,000 students should have a gross income of more than \$624,000,000 and from this the Federal Government should have a return of \$60,000,000 in income tax based on \$250 per student whose average co-op earnings are approximately \$100 per week. This would be approximately \$40,000,000 more than is currently being returned to the Federal Government by the present 60,000 students. This is a very reasonable return on the proposed investment of \$8 million to \$15 million a year when the educational value received by the students is considered. Furthermore, the savings they have accumulated for their educational expenses frees them from lining up for the various financial aid programs, including those federally sponsored. This would then allow others to make use of those financial aid dollars.

You are probably aware that it has been determined that the World War II veterans who financed their education on the G.I. Bill educational benefits are earning more on the average than high school graduates and the extra Federal income taxes they have paid reimbursed the Federal Government for its expenditure by 1963. And these veterans are still productive and will continue to pay income taxes on their extra income for the remainder of their productive lives.

Let me break down the average income of a cooperative education student and show you where his gross earnings go. During our fall cooperative education term at the University of South Florida, a term 13 weeks in length, the average co-operative education student had gross earnings of approximately \$1,300, spent \$180 on food, \$206 on housing, \$81 on transportation, had \$220 taken out of his pay by withholding for income tax, social security and retirement purposes, and had miscellaneous expenditures of \$230. This provided the student with a savings of about \$383 to cover his school expenses for the following quarter. As these cooperative education trainee positions are filled the year round by an alternating team of students, the annual figure for a co-op position would be gross income of approximately \$5200, \$720 for food, \$825 for housing, \$325 for transportation, \$880 for withholding for income tax, social security and retirement, and a miscellaneous expenditure of \$920. This provides for the team of two students an annual sum of \$1532 in savings toward their educational expenses or \$766 each.

Many, after being assisted by NDEA loans and CWSP funds during their freshman year, have moved to our cooperative education program, become self-supporting, and no longer need the support of these NDEA and CWSP funds. This gives me a feeling of great satisfaction, also.

It is my belief those opening remarks establish a justification for the expansion of cooperative education, but I would like to bring additional points to your attention to strengthen the case for cooperative education.

A recent study at Northwestern University was aimed at determining the effect of the cooperative education program on the academic performance of the students. Two groups similar in academic potential in the Technological Institute of Northwestern University were selected and their general classroom performance was compared. This study showed that approximately 10 per cent of the cooperative students dropped out of school while 25 per cent of the non-cooperative education students dropped out before completing their degree work.

In addition to this, the average number of hours failed per student was less for each academic term for the cooperative education student than for the non-cooperative education student. The failure rate and times on probation were also lower for the cooperative education group.

The study further showed that there was continuous improvement in the grade point average of the cooperative education students as they progressed through

school, while the grades of the non-cooperative education students fluctuated. This would indicate that cooperative education is a favorable influence in cutting attrition, motivates the student toward higher grades and, in general, has a maturing effect on his academic performance.

This Northwestern University survey is substantiated by a similar survey at Virginia Polytechnic Institute. Students in the cooperative education program there had a lower attrition rate and seemed to have fewer problems pertaining to financial difficulties and motivation. Evidence showed that participation in the cooperative education program influenced students in such a manner that they failed fewer courses and their classroom performance was markedly enhanced. The survey concluded that the cooperative education student excelled in each area of academic performance studied.

While some cooperative education programs require the student to spend a longer period of time in school than the regular student, some do not. At the University of South Florida a student can earn a bachelor's degree in most areas within 47 months when on the cooperative education program, less than 4 years from the time he enters the University. At most schools, the regular student will earn a bachelor's degree within 45 or 46 months from the time he first enters the institution. The student who is in a cooperative education program which takes additional months of schooling is usually rewarded by an additional increment of income upon receiving his degree and entering permanent full-time employment.

A survey by the College Placement Council in 1967 showed that the average cooperative education bachelor's degree graduate in the technical field received an offer 2.5 per cent higher than the offer of his non-cooperative education classmate and an offer of approximately 5 per cent more than his non-cooperative education classmate in the non-technical field. As one industrial representative has said, "Cooperative Education allows the college graduate to land on his feet running" at both a higher rate of productivity and a higher salary level. And it should be pointed out that many cooperative education students report starting salaries following graduation at 10 per cent or more above the salaries of their non-cooperative education peers.

I believe one of the best ways to evaluate a program is by testing the product. In a recent survey among those who had taken the cooperative education route at the University of South Florida, we found that the students really believe in cooperative education. The comments of the students were most gratifying. Of the survey sample, 100 per cent said they would take a co-op route again if entering the University and would advise others to do as well. They pointed out a number of specific things that made them rate cooperative education most highly. Points upon which they placed extreme value included: Learning to get along with people, learning the responsibility of living on their own, making valuable contacts, and getting a running start in their professional careers both from an experience and income standpoint, building contacts and references which helped them to get into graduate programs, and the satisfaction gained as they earned all or part of their educational expenses while attending the University. To many, this latter point brought a high degree of self-satisfaction, knowing they had paid their way and did not have to turn to any financial aid program.

Just a few of the comments were: "It taught me how to better get along with and work with others."

"Cooperative education gave me some practical knowledge upon which to build self-confidence."

"My starting salary was about \$1,000 a year higher than it would have been if I had not been a cooperative education student."

"It enabled me to complete my college education."

"The training periods offered me a valuable insight into my chosen profession."

"The experience was tremendous, priceless."

"It taught me to live, to be responsible for paying my rent, buying groceries."

"I see no finer way than cooperative education."

"Cooperative education gave me a feeling of worth."

It should be noted that industry, business, and government agencies wholeheartedly support this program, and as I noted earlier, Congressman Gibbons takes several of our cooperative education political science majors for work around his office and the House Office Building each term. Congressman Gibbons has seen our modest program grow at the University of South Florida and has expressed to us his satisfaction with the results.

Sociologists and educators alike have recognized for a long time that as the years of formal education lengthen, the tensions in students build at an alarming pace. All of you have read articles about the increasing numbers of college and university students requiring psychiatric care and the growth of psychiatric counseling clinics on our campuses. Clarence Faust of the Fund for the Advancement of Education has observed that "... as the number of years of formal education are increased many young people are in school long after they have reached physical maturity and an even higher degree of social maturity. The tension between academic study and participation in the world's work becomes increasingly severe." Many believe that cooperative education offers the outlet for the maturing student who in a solely formal educational atmosphere develops a sense of frustration with the resultant tensions that we read so much about.

Another point many persons overlook when they speak of cooperative education, is the value of becoming acquainted with the frequent periods of alternation. It is agreed by many that education in the future will be a continuing program during most of a person's lifetime. With growing emphasis on repeated periods of continuing education during a professional career, the experience of the cooperative education student in facing up to relative frequent alternation between campus and the employer's work-a-day environment may well have increased value. Certainly the successful cooperative education student is one who knows how to shift his base of operation readily from that of contemplative student to that of productive worker.

Let me, in conclusion, say that I believe the proposed amendment which would make funds available for the administration of new cooperative education programs as well as the expansion of existing programs in our colleges and universities is most worthy of adoption. At the University of South Florida, if funds were available for additional faculty and administrative coordinators to work with employer representatives, I am confident our program could be doubled within one to two years and again be doubled within five to six years. I am sure if funds were available to other cooperative education programs in the Florida University System, similar growth could be shown.

In turn, the junior colleges should not be overlooked and other four-year institutions. I know of several junior colleges in Florida that are eager to start cooperative education programs but at the moment do not have funds to activate such a program. Inquiries to our university indicate four-year schools, currently without cooperative education programs, are anxious to establish such programs but again it takes seed money for the formation and administration of such programs in their early stages of growth.

I believe in Senate testimony May 10, 1967, on today's subject, Mr. Hartke said, "In view of the fact that most of these students will have taxable income... it is a safe assumption that their income taxes alone will be sufficient to carry the cost of the program's authorization, and probably a good deal besides." The figure some cooperative education leaders project would substantiate this assumption.

In turn, through self-help, additional thousands of students will be permitted to find paid training positions in their area of professional interest which will relieve them of seeking financial aid from present financial aid sources releasing those amounts for still other students. Many students are today seeking the self-satisfaction of such a program and I recommend it highly.

I am most appreciative of the efforts of Congressman Gibbons and the other members of this committee who are putting forth their efforts in support of this legislation as I have been of you and others supporting Federal programs such as the NDEA loan program, and the College Work-Study program in the past.

Mr. BRADEMAS. Thank you very much. I might observe, Mr. Allen, that Congressman Gibbons is one of the ablest members of our committee, and you have a first-class man representing you in the House as well as on this committee.

Mr. ALLEN. We are very proud of him.

Mr. BRADEMAS. I would like to ask unanimous consent that the text of Mr. Gibbons' proposed cooperative-education amendment be included in the record, because reference is made to it in the testimony.

I would like, also, to ask unanimous consent that we insert in the record, following the testimony of those of you who talked about cooperative education, the list of institutions that offer cooperative education programs.

Mr. BRADEMAS. Looking at this list I see that nearly all the colleges and universities offering cooperative education programs are publicly supported, most of them by the States, some perhaps by local units of government.

If it is such a good idea for us to be earmarking a special authorization for cooperative education at the Federal level, can you tell us to what extent funds are earmarked for cooperative education from local municipal and in particular State tax moneys.

Mr. ALLEN. Mr. Chairman, in our case, none are earmarked for this except in our own budget possibly. Whatever flexibility we have in our budget we think cooperative education is good and valuable, as I indicated.

So we started from the beginning—

Mr. BRADEMAS. Who is we?

Mr. ALLEN. The University of South Florida—to plan for this. Mr. Miller, who represented the Cooperative Education Association here earlier this morning, came to head up our program. He has brought in other coordinators and as many of these as we can afford we have put out on the road to contact industry, to find places that would be a real education experience for our students.

The point would be how can we get more of these people out on the road to make these contacts. This is where we would use these Federal funds.

Mr. BRADEMAS. I think my question was not clear. My question is this: To what extent do the State legislatures in the United States earmark moneys for cooperative education programs at State-supported universities?

Mr. BARICH. Mr. Chairman, to my knowledge, although we are not a tax-supported institution, there are no such examples of specific earmarking of funds for cooperative education.

In our own case we have sought and after several years of effort we received a grant to underwrite the cost of the program for 2 years.

This was the sum of \$67,000.

Mr. BRADEMAS. I am not being deliberately combative, I am just trying to elicit your response. If cooperative education is so good, why have you not been able to gain more support from your State legislatures and your State universities since this is where you carry out most of your programs? Or have you tried?

Mr. ALLEN. I am not sure it has been tried on a broad basis. At the University of South Florida, the cooperative program is in the college of engineering. In our institution in all five of our colleges, it is optional with our students.

When they explain the advantages of it we find many takers for it.

Mr. BRADEMAS. I am not getting my message across. Why do you want the U.S. Government to support cooperative education if you have not made an effort to support it at your State level? Why should we be doing with Federal funds what you could be doing at the State level?

Maybe Mr. Cain wants to comment.

Mr. CAIN. I think you have an excellent point, Mr. Chairman, that perhaps more effort should be made within our individual institutions to secure additional funds through State appropriated funds. But I think that Federal support perhaps on some matching basis would have a desirable effect in this direction.

Mr. BRADEMAS. I have no questions about that. I wanted to know why you have not made an effort at the State level first. We hear a lot about States' rights around this place. I wonder why you have not been exercising some of it. Have you tried?

Mr. CAIN. We have. I have, at least, in our office. But with the "crunch" as we call it, for educational funds, sometimes cooperative education does not have as high a priority as some other programs do.

I would also like to add that at least in our institution, Auburn University, we will begin this summer charging a special fee to students for each quarter they are in industry so that the students themselves will be at least partially supporting the additional expenses of operation of our cooperative education program.

Mr. BARICH. May I introduce George Proest, Executive Director of the Commission on Cooperative Education.

STATEMENT OF GEORGE PROEST, EXECUTIVE DIRECTOR, COMMISSION ON COOPERATIVE EDUCATION

Mr. PROEST. I might speak of one case. A State college, a predominantly Negro college in Petersburg, Va., has this past summer taken the decision to establish cooperative education there.

Their position which has been fully described to me is that all of their budget requests for building, expansion, have been reduced.

They do not have adequate library facilities. They are operating in a framework that for them to add a new feature would be taking dollars from a pool that is already too little.

Mr. BRADEMAS. Isn't that the Federal problem, also?

Mr. PROEST. Yes. My argument is that this dollar will buy more for that institution than many other alternate expenditures of that dollar.

I have been trying to assist them in getting a grant from a foundation. They are applying in different places. It is this tight squeeze on the dollar which leads us to emphasize the income from taxes that is a feature of this proposal.

Mr. BRADEMAS. In all candor you have not really persuaded at least one member of this subcommittee that any very serious or widespread effort has been made on your part to lobby with your State legislatures and your Governors for the use of State tax resources for this kind of program.

Mr. PROEST. I can describe the New Jersey situation where, as a result of the efforts we put in there, all of the community colleges that are being built in New Jersey are going to be established on a cooperative education basis.

The National Commission executed a study for the Governor's Commission on Higher Education of which I have a copy here and I can submit to you. I think it would be useful for the record. This was the document which led to this action there by the trustees. We have

worked in several States. We worked in Oregon; we supplied consultant services to the State University of Oregon and last fall they decided to start it. So we have worked on the matter.

As you know, it is a large problem.

Mr. BRADEMAS. Thank you very much.

Mr. QUIE. Mr. Stokes, you mentioned you received a grant in Wilberforce from Ford Foundation and a private donor. What was the amount of that?

Mr. STOKES. \$46,000 from the Ford Foundation for an initial grant for the 2-year period which was happily renewed last July for another 2-year period but will not be renewed after that time.

Mr. QUIE. How about the private donor? Was that very much?

Mr. STOKES. Yes, it was considerable. It really was a foundation which chose to remain anonymous and it was for \$50,000.

Mr. QUIE. In other words, you got \$96,000.

Mr. STOKES. Seed money, that is right.

Mr. QUIE. Out of that \$96,000 you have not only changed over but increased your students from about 415—

Mr. STOKES. 415 to 915. We claim cooperative education as being one of the prime factors in the increase.

Mr. QUIE. This would mean that you used your money to account—this amounted to close to \$100 per student?

Mr. STOKES. Right.

Mr. QUIE. Somebody else mentioned here, I think it was Dr. Barich, it would amount to \$10,000 in additional administrative costs per hundred students. The \$100 per student is what you are talking about then as the additional cost of cooperative education.

Mr. BARICH. Excuse me, sir, this fluctuates. At Northeastern University it is \$70. With us it is much more expensive because we are just getting underway.

Mr. QUIE. Some of you haven't received a grant from Ford Foundation and so forth. Where does this additional money come from, Mr. Cain? You are going to make an extra charge to the students. How much will that extra charge be?

Mr. CAIN. Were you directing the question to me?

Mr. QUIE. Yes, what is the extra charge you are going to levy?

Mr. CAIN. This has not been finally determined but probably \$15 per quarter in industry, 3 months quarter.

Mr. QUIE. How many of those would you get in a year? Do you get two quarters in a year in industry?

Mr. CAIN. Yes, two quarters in the calendar year. So this is \$30 per student in effect.

Mr. STOKES. We charge \$25 per student, per co-op period.

Mr. QUIE. Dr. Barich, were you going to say something?

Mr. BARICH. In our case, it is \$90 for a term. Like a tuition charge. It is equivalent to 3 semester hours.

Mr. ALLEN. We simply took this out of our general budget for the university. We opened in 1960 with a freshman class only and we have now moved up to 11,000 students in our eighth year.

We took a certain portion of our budget and allocated it to these coordinators. This is all we thought we could afford under this. We

have a job getting money to take care of our terrifically expanding enrollment.

Mr. QUIE. Have you figured out the added expense per student?

Mr. ALLEN. No, we have not.

Mr. MILLER. I might say on a per year basis this was \$150 to \$200 per student. We charge the student \$40 per quarter when he is out on these training assignments. Two quarters a year would be \$80 that the student is paying toward this.

Mr. QUIE. Under the proposal of the Gibbons amendment, how much of the cost would you expect the Federal Government to pay and how much would be taken up by the student and how much by these other sources of money?

That would be \$60 a student that you are talking about. Have you planned this out, what percentage of additional cost you want the Federal Government to bear?

Mr. ALLEN. We are getting \$40 a student. It is costing us \$150 per year. What we need is more coordinators who will get places for more students. We need the difference for these coordinators.

Mr. QUIE. Would you use the Federal money to reduce the charge to the student or would you continue your present program.

Mr. ALLEN. We would continue our present program.

Mr. QUIE. Of course, you don't make a charge to the student?

Mr. ALLEN. Yes, we do.

Mr. PROEST. Mr. Chairman, in the startup cost the proper term to use for this money that we are talking about is seed money. You have startup cost. For a year you don't have any students on this program because you have a staff going around hunting for the jobs, making the arrangements and getting them identified. So you have a startup cost. But after about 3 years our experience in places like Kalamazoo and Beloit reveals that the program becomes self-supporting.

What Congressman Gibbons is proposing is dollars given to an institution to let them hire these professional people to go out and make these enormously complex arrangements to establish a whole roster of jobs.

In the library at Antioch, the student can go in and there are right now a list of 3,100 existing jobs cross-indexed by fields. You see the description of the job, the name of the man you will report to, what the last student thought of it and so on.

The startup cost to create that kind of system is what is solved by Congressman Gibbons proposal.

Mr. QUIE. Does he have anything in his proposal to make sure that the schools get weaned again afterward?

Mr. CAIN. May I comment that it seems to me that the institution if it is committed to cooperative education should be expected to make some investment in this venture and that perhaps a reasonable contribution might be a 50-50 matching basis of Federal funds with institutional, State or other funds which the institution may have.

Mr. QUIE. I have one other question regarding Dr. Barich's statement. On page 7, you talk about the training of teachers which appeals to me, but yet it is very similar to the presentation for the Teachers Corps.

Do you know if any of the cooperative education programs train teachers under the Teachers Corps program so that they are getting Federal funds under that program?

Mr. DAWSON. There are a number of institutions which are using this program extensively for the preparation of teachers. The University of South Florida does some of this.

Mr. QUIE. Support for teachers. I have a list here of some schools that are training teachers. But what I meant was institutions that are receiving Federal money under the Teachers Corps program.

Mr. DAWSON. I don't know that that is true. There is a very little amount of money available under the Teachers Corps training program.

My impression is that for Northeastern, Cleveland State, Antioch and South Florida, most of the money comes from the operation of the regular program in the training of teachers.

Mr. QUIE. Do you have programs for training teachers to work with disadvantaged children suffering these frustrations? Would you not in Detroit in your program have teacher programs?

Mr. BARICH. No, except our students in the college of arts and sciences do in fact eventually get into the teacher education program through another program at Wayne State University, but we do not have our own.

Mr. QUIE. Dr. Allen, could you prepare for us an elaboration of the kind of programs with these goals? How about Wilberforce?

Mr. STOKES. We have teacher education, yes.

Mr. ALLEN. You are speaking of teachers for the disadvantaged?

Mr. QUIE. Yes.

Mr. ALLEN. We have some programs like this.

Mr. QUIE. I think it would be good to compare that with the Teachers Corps in its operation. I think it would be similar to it except yours would be an undergraduate program. The Teachers Corps, to date, has been a graduate program.

Mr. DAWSON. We have masters of arts for teachers which is preparing people in the inner-school system, Washington, Philadelphia, Baltimore. There I think they are drawing on money. This is a masters program. They are drawing on money from the Teachers Corps. I could look that up and insert that in the record.

Mr. QUIE. Thank you.

(The information requested follows:)

ANTIOCH COLLEGE,
Yellow Springs, Ohio, March 19, 1968.

HON. ALBERT H. QUIE,
State of Minnesota,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN QUIE: As promised at the time of the March 6, 1968, hearing on HR Bill No. 15067, I am sending you the information you requested on the use of Teacher Corps funds in our Master of Arts Teaching Program at Antioch College.

In 1966-67, a group of 18 Teacher Corpsmen were enrolled in our Master of Arts in Teaching Program in Washington, D.C. Because of the uncertainties about Congress' willingness to continue the program, three of the group undertook intensive studies during the spring and summer and completed the degree in August, 1967, and three others in December, 1967. Six remained for the academic year 1967-68, and are expected to complete their work this June.

These six are serving in the Morgan School Project while finishing their related studies in seminars which we conduct in Washington. Four others should complete their work by August, 1968.

The intern teaching and study for one group in the Antioch Program is located in Washington, D.C. Dr. David D. Darland is the co-ordinator for the program, and if you would like to call him (telephone 232-0300), he would be glad to give you further information. The Antioch-Putney office in Washington is located at 1744 Riggs Place N.W., Washington 20009.

It was a pleasure meeting you.

Sincerely yours,

J. D. DAWSON,

*Consultant for the National Committee for Cooperative Education,
Vice President—Dean of Students Emeritus.*

MR. BRADEMAS. Mr. Erlenborn.

MR. ERLBORN. I notice in the proposal there is no provision for matching funds. There has been the suggestion here that maybe a matching fund basis would be the proper way to operate this. Most other of these Federal programs do community service—continuing education on a 75-25 basis—reduced this fiscal year to a 50-50 matching fund basis.

Work-study is now 85-15. Yet this proposal by Congressman Gibbons has no matching fund provision.

Would you contemplate that the Office of Education could fund the full cost of these programs?

MR. BARICH. Excuse me, Mr. Chairman, and Mr. Erlenborn, in our case we just could not expect that these appropriations would cover our costs any more than it does any other part of our program.

For example, in our case, 70 to 75 percent of our operating money comes from student fees, tuition, and so on. The rest of it then, 25 to 30 percent, must come from other sources. This is about the way we see this.

MR. ERLBORN. My question really is, Why in your opinion is this amendment drafted without any matching fund provisions? Would you have any objection if a matching fund provision were added to this proposed amendment?

MR. ALLEN. We would look upon this as seed money to get these programs started in some institutions that did not have it and also get it expanded, our institution, for example.

After it is underway it eventually would need less assistance, certainly. One of the major points I tried to make was the income that this produces for the Federal Government in additional income taxes that these students pay. It is really a self-supporting project in that respect.

MR. ERLBORN. Of course if this does, and I am sure it would, generate additional revenue in the way of income taxes for the Federal Government, I am certain we would have deficits and other expenses that could readily use those funds.

There is nothing in this proposed amendment that designates that these funds be used only to institute new programs or necessarily to expand present programs.

In fact, page 2 of the amendment would allow these funds to be used for carrying out by such institutions programs for cooperative education.

MR. ALLEN. It says earlier in that sentence "to institutions of higher education for the planning, establishment, expansion or carrying out."

Mr. ERLBORN. That is right. It is not necessarily conjunctive. It could be any one of the four words there. I notice the funding here is proposed for a 5-year period. Do you expect that that would be the termination of the program? Or might there then be another expansion and continuation of the program?

Mr. ALLEN. I just hate to predict what will happen 5 years from now, it changes so rapidly. It would be a great boost to our program to have it for 5 years.

Mr. ERLBORN. Part B, on page 2, provides for a \$750,000 authorization appropriation. This, under section 473 is to be used by the Commissioner for training of persons and planning, establishment, administration and coordination of programs and for research in the methods of improving, developing and promoting the use of cooperative education.

It has no limitation as to whom this grant may be made, except it does limit it to public or nonprofit agencies and it does have limitations dollarwise, as to part A.

It would appear to me that it might be possible, for instance, and I am only using this as an example, that the \$750,000 could be granted by the Commissioner to the National Commission for Cooperative Education. That would be possible under this part B, would it not? An amount to any one corporation or organization?

Mr. PROEST. Mr. Erlborn, may I speak to that, what was intended there is to make it possible to set up some training centers to train the coordinators. Northeastern University has a staff of 22 full-time men who are placing these 8,800 students. While they are all professionals, trained for the field that they are placing the student in, the engineering students are being placed by a man who got his education and work in civil engineering, journalism students are trained by an appropriate person, these people, however, in addition to their academic background, need to have about 8 to 10 weeks of workshops in order to find out how to operate this kind of program.

So, the expectation was that 4 or 5 of these institutions like the University of Cincinnati, Northeastern, Auburn, would set up programs and receive grants to train the coordinators who would be needed to staff 400 university and college programs.

To come directly to your question, it would be perfectly feasible, practical, and desirable to put in some top limit that no institution should receive more than a number of dollars for grants under this subsection.

But the notion that we had, the thinking behind it, was that this money would probably be broken up in among a dozen different programs. In addition, we did want some research funds. We have 15 institutions that are training teachers using this system.

They have different ways of doing it. For instance, at Northeastern University they have discovered they produce the best teacher by having the person have jobs out in industry for a couple of terms before he starts to work with the school system in the suburban Boston section, that they produce a more mature person who does a better teaching job if he has had some real experience.

Well, we would like to discover and match that with other places where they keep him in the school system all the way through and try

to find out what is the best formula for training and getting the best teachers.

Mr. ERLBORN. Under the legislation as drafted there is no limitation?

Mr. PROEST. There is no limit. It would be quite appropriate to put a limit on it.

Mr. ERLBORN. Would you contemplate that the National Commission for Cooperative Education might be an applicant for funds under this section?

Mr. PROEST. We would hope that there would be support for regional conferences. We have done three statewide conferences on cooperative education, in New Mexico, Indiana, and Oregon.

We have one coming up in southern California. We would hope that we could get some funds for that kind of conference function to get educators and businessmen to come and spend a day or two developing this.

Mr. ERLBORN. How is the national commission now financed?

Mr. PROEST. We are financed as follows: We have contributions from about 55 different corporations ranging from \$100 up to \$5,000. We have a grant of \$65,000 a year from the Ford Foundation. But no college or university makes any financial contribution.

Mr. ERLBORN. Lastly, I would ask, Do you think, if Federal funds become available to your commission, that this would augment the funds available to you or supplant some of the foundation grants?

Mr. PROEST. I think it would augment.

Mr. ERLBORN. I think we found in some of our Federal programs that Federal funds tend to drive out private funds. I am not certain under our present fiscal "crunch" that we are really doing much good if we use Federal funds and then find that discourages private donation.

Thank you, Mr. Chairman.

Mr. BRADEMAS. Thank you very much, gentlemen. We appreciate your coming and giving us this very helpful testimony.

Mr. BARICH. Thank you.

Mr. BRADEMAS. Our final two witnesses, and we are very grateful to them for their patience, are Carl J. Megel, director of legislation for the American Federation of Teachers, and Dr. Israel Kugler, president of the United Federation of College Teachers, New York.

Gentlemen, if you will proceed to summarize your statements we will put the entire statements in the record.

STATEMENT OF CARL J. MEGEL, DIRECTOR OF LEGISLATION, AMERICAN FEDERATION OF TEACHERS, AFL-CIO

Mr. MEGEL. Mr. Chairman, I assure you we will be very brief.

Just for introduction and reference, may I say that I am Carl J. Megel, director of legislation of the American Federation of Teachers, a national professional union of more than 150,000 classroom teachers affiliated with the AFL-CIO.

Our organization embraces more than 760 teacher locals, 82 of which are college, university, and junior college locals. Appearing with me this morning is Dr. Israel Kugler, president of the United Federation of College Teachers, New York, Local 1460 of the American Federation of teachers, to supplement my remarks.

We are here this morning to testify in support of H.R. 15067, a bill cited as the "Higher Education Amendments of 1968." We do so, however, with mixed emotions.

While we support the general provisions of the bill, we regret that it does not contain the higher education expansion that is so necessary. Throughout our Nation, today, irresistible forces are producing social, moral, economic, and political changes which almost defy human comprehension.

In the absence of readymade answers as to how to cope with these forces, education is most frequently espoused as the solution.

Accordingly, education assumes a new sense of urgency, and with this, the need for a new basis for evaluation. In this context, the proposed legislation fails to meet the emergency.

Now, we support the combination of the Higher Education Amendments of 1968 and 1967, to renew the higher education grants of 1965, renew NDEA grants of 1958, and now the Higher Education Facilities Act of 1963 plus new programs, educational opportunities, new ideas, including graduate schools, assistance for advancement in colleges, and help for disadvantaged.

We support all these. The Upward Bound program which brought many youngsters to our colleges now needs to be supplemented with funds to keep them there.

These are all excellent. Networks for knowledge, we are all pleased with these programs, we support them, but we believe that the proposals again are too late, insufficient, and too far in the future.

(Mr. Megel's prepared statement follows:)

STATEMENT OF CARL J. MEGEL, DIRECTOR OF LEGISLATION, AMERICAN FEDERATION OF TEACHERS, AFL-CIO

Madam Chairman and Members of the Committee, my name is Carl J. Megel. I am the Director of Legislation of the American Federation of Teachers, a national, professional union of more than 150,000 classroom teachers affiliated with the AFL-CIO.

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It calls for re-enactment and extension of existing higher education aid programs which are due to expire in the near future. The Educational Opportunities Act of 1968 calls for a consolidation of existing student loan, scholarship grant, and work-study-aid programs designed to help college students pay for the cost of their education.

In this connection, the National Advisory Commission on Civil Disorders in the education section of its report recommended:

1. Re-orientation of vocational education, emphasizing work experience, training and the involvement of business and industry; and
2. Expansion of opportunities for higher education through increased Federal assistance to disadvantaged students.

We concur with these recommendations. The increasing cost of higher education is readily apparent. The student loan programs should be liberalized and supplemented with a grant-in-aid program to disadvantaged students with ability. Unless we do so we will develop a nation in which only the children from affluent homes will receive an advanced education.

Additionally, the proposals to increase assistance for graduate students and to establish a "Network for Knowledge" to encourage colleges and universities to share facilities and information are both worthy programs.

The proposal to provide \$15 million for tutoring and counseling the ill-prepared and economically deprived students in order that they may avoid dropping out is also to be commended. The Upward Bound program of the Office of Economic Opportunity has given many of these deprived young men and women inspiration to attend a college or university. Sustaining efforts to keep them in the institution of higher education are essential and worthy.

Yet, none of these programs begin to provide for today's needs. While most of the proposals provide advancement, a reduction of \$500 million in funds for construction of higher educational facilities is most regrettable. The goal of eliminating all financial barriers to a college education should receive priority as this higher education legislation is prepared. However, we must have quality facilities ready for these students when they enroll. We consider it to be highly impractical to enlist and encourage higher education enrollment if inadequate facilities exist, which would only further deteriorate educational opportunities. We strongly urge the restoration of the cut in funds for construction.

Perhaps, the most optimistic note in this year's higher education legislation is the President's proposal to develop a long-range plan for general aid to higher education. He has asked the Secretary of Health, Education and Welfare to complete such a plan within the year, and we in the American Federation of Teachers heartily endorse this proposal to develop a new strategy for aid to higher education.

For many years the American Federation of Teachers has supported Federal aid to education at all levels in order to raise the quality of education and to make it a top national priority. The consolidation of the various programs into one act will be helpful. However, the President's program which emphasizes loans to students, construction of facilities, and research grants mainly to graduate schools must be supplemented with increased aid to the undergraduate and non-scientific graduate areas which will generally go toward the improvement of curriculums, faculties, quality of texts and materials.

Most of us generally agree that the Elementary And Secondary Education Act's Title I formula for grants to the states to raise the general standards and quality of education has been successful. Perhaps, a somewhat similar plan for aid to higher educational institutions would be equally successful.

Many small but potentially good colleges and universities need money. However, they are often left out. The humanities, the arts, the social studies are areas that would certainly be strengthened by a general Federal aid program.

In addition, we also endorse the other objectives of a new strategy for aid to higher education which would:

1. Eliminate race and income barriers to college;
2. Preserve the independence of private and public institutions;
3. Ensure that states and private givers continue to bear a fair share of support for higher education; and most of all
4. Encourage efficient and effective use of the nation's education resources.

We are pleased to have the opportunity to appear before this Committee. We commend your efforts to advance educational opportunities in our nation. We are here again today to place strong emphasis upon further expansion to meet America's present and future educational needs.

Mr. MEGEL. Now I would like to have Dr. Kugler tell you in a few words some of the deficiencies that he finds in New York City.

STATEMENT OF DR. ISRAEL KUGLER, PRESIDENT, UNITED FEDERATION OF COLLEGE TEACHERS, NEW YORK CITY

Mr. KUGLER. Mr. Brademas and Mr. Erlenborn, I am pleased to appear before this committee because my local which represents thousands of college teachers in the New York City area can place a stamp

of practicality on some of the problems which you confront as committee members.

As you know, we are committed to the ideal of quality education tied to the concept of universal higher education, to extend the ladder of education upward into the higher education field.

In other words, we believe together with the State university that the motto should read "Let each become all that he is capable of being."

I would like to establish four points in my brief testimony here today. One is that I do believe that we must have an appropriation of Federal funds to all public colleges and universities to insure a tuition-free status.

This would be supplementary to currently available funds from State, municipal, and county funds. This, I believe, is a necessary extension for this reason: All you have to do is read the newspapers to know that tuition-free universities are under constant threat to remove that tuition-free status.

In my own State, sections of the State university which were tuition-free have had imposed tuition on these institutions.

You must understand that in terms of educational cost, tuition is merely the surface aspect of the educational iceberg. There are non-tuition fees for room, for board, for clothes, for fares, for social participation, and to erect this barrier of tuition in the public institutions, I think is one that flies in the face of what our objective should be.

The second thing is that we believe there should be an appropriation to enable all high school graduates from poverty-stricken areas to receive stipends equal to the Federal minimum wage.

If you figure that a student should go and expend about 40 hours a week, at least, in terms of study, \$1.60 an hour is not too much.

The reason for this is very simple. It would encourage high school graduates to continue education and avoid being thrown on the job market as unskilled and semiskilled workers. We know how this operates because we do have a modest program in operation in New York City at the City University. It is called SEEK. This is an acronym meaning search for education, enlightenment, and knowledge.

Mr. Brademas, you asked another witness what they did to try to get the State legislature to provide this aid. On page 54 of today's New York Times the Chancellor of the City University, Albert Bowker, went to Albany and asked for \$7 million to expand that program. By the way, in that program we get kids from high school who do not have academic diplomas. They have what is called general diplomas and vocational diplomas. We encourage these kids to go to college. They have an 80 percent retention rate and their grades are in the C and B category.

Now this is a remarkable feat. But in this program these people receive stipends so that their families are encouraged to keep them in college rather than to supplement the insufficient breadwinning operation of that family and have them go on the streets unskilled.

Now you know what this does, too. It creates a new culture hero in the ghetto, a person who goes to college and has made it. It has elevated the sights of parents so that their children can go to college. This motivation is very important.

The third idea that I would like to bring to your attention is that we should extend the aid of the Federal Government to all areas of

higher education, not necessarily those that are connected primarily with space and defense such as the physical sciences but geological sciences, the arts and humanities and the social sciences.

We have the ideal as a nation to try to create a liberated, educated person. We cannot overemphasize one part of education to the neglect of others. I may say that this should extend to undergraduate and graduate institutions and public and private institutions.

I regret very much that your associate Mr. Reid, who is a member of the Board of Trustees of Long Island University, was not here to note that that university which had a center in Brooklyn and the heart of the ghetto area and had a program to administer to the poor, remedial reading, nurse's training, speech, that that institution was offered as a piece of real estate for sale because they had insufficient funds.

This is what is happening with some of our private institutions and that institution is now setting its sights on the affluent suburbs in Long Island.

The fourth point that I want to bring up is the increasing lag of facilities behind the enrollment pressures. We are opening up opportunities for young people but the facilities in terms of human beings, staff, buildings, lag behind.

I could tell you of overcrowded classes where the teacher cannot recognize the student as a human being but as a number. That increases impersonalization and alienation and discontent on the campus.

I can tell you about faculty offices which are bullpens, 16 faculty members crowded into one room with not even a telephone or a secretary.

I can tell you about some professors which are called briefcase professors, they have no desk at all and hop around with their briefcase from class to class.

Now finally I would say this: The President's objectives are entirely laudable, they are commendable. But what disturbs me is that in the context of these objectives he used the words long-range concept. If the long-range concept is translated to mean delay and tokenism it would be indeed very, very deplorable.

You heard about the report on the riots by that distinguished Commission. One of the ways in which we can avoid the difficulty is to invest the money in education and that time is now. There is nothing so disconcerting as to raise the hopes of people by incomplete programs and then have these programs, because they are incomplete, dash the hopes of many, many people.

We know that your investment in education now will enable you to avoid the rehabilitation process that goes on later on in prisons, welfare rolls, rehabilitation costs, where we have to take care of these individuals as social obligations of society in a negative way.

If we had a free university—in City College, Dr. Jonas Salk was a graduate. Has he not repaid society by the Salk vaccine far in excess of the investment made in free tuition and the extension of opportunity to the poor?

This is what I hope this committee will do. I know part of its bill will be to set up a commission to study the financing, but these are some of the things that I thought I would bring to your attention as matters of practical reality that exist now.

If you have any questions, I will be very happy to answer. I know you are pressed for time.

Thank you for your courtesy.

Mr. BRADEMAS. Thank you very much, Dr. Kugler, and Mr. Megel. We are grateful to you for both those statements. We are much aware of the strong support that the American Federation of Teachers has given to improving education at every level from preschool through graduate school and your statements today are in line with that policy of the AFT.

I have just one question. In the light of your statement concerning tuition-free university education, do you envision the day when, in this country, there will be tuition-free college and university education for all those who have the talent to take such courses?

Mr. KUGLER. I do. It has been my ideal. It was the ideal by the way of the President's Commission on Higher Education that was appointed by President Truman.

Mr. MEGEL. Unless we do so we are going to establish a stratified society in which only the students of affluent families will have the opportunity to attend higher education institutions.

The tuition rates of particularly the smaller private colleges have increased tremendously from \$200 a very short few years ago to as much as \$1,500, \$1,600, \$1,800 today, which makes it a sizable amount of money and beyond the limits of the financial ability of many of our people.

Mr. BRADEMAS. Thank you very much. Mr. Erlenborn.

Mr. ERLENBORN. I have just one question. I notice that you would be in favor of localizing or supplementing the student loan programs so that more disadvantaged students could take advantage of them.

Would you also favor expanding the type of education that can be financed in this way? And I have reference to, say, vocational education, those that go from high school to some type of vocational education rather than the typical school of higher education?

Mr. KUGLER. We agree with that. Of course, when we say some kind of higher education we would include there community colleges with their technical program, the work-study program that the gentleman who preceded us made reference to, a variety of things designed to meet the needs and talent and ability of all our young people.

I think we have to apply a spectrum approach rather than to concentrate merely on liberal arts.

I would say one thing, and this is a caveat, that all students regardless of the kind of education that they would want to get, should have some kind of general education combined with vocational education, some education in the social sciences and the humanities so they are brought to be whole people rather than narrow specialists who are unconcerned about the needs of society.

Mr. ERLENBORN. I notice also in the prepared statement you made reference to the President's program which emphasizes loans to students, construction facilities, and research grants mainly to graduate schools.

How do you feel about the present bill before us in its setting of priorities between aid to students and the amount of money available for the construction of facilities?

Mr. KUGLER. I think there is an unfortunate dislocation there. One thing that always disturbs me and I am sure Mr. Megel joins me in this, is the fact that we do not plan in phase and sequence.

You have to plan your facilities in harmony with the bodies that will occupy those facilities. Once you use one and push that and the other one lags behind you get what is called in sociology the cultural lag, which is a description of a crisis. You have overcrowding and you have harried teachers and you have a lowering of the quality of education.

I am always emphasizing the fact that there is no contradiction between expansion of education on the one hand, and the quality of education, that the two must go hand in hand.

I think you raise a very, very important question.

Mr. ERLNBORN. Lastly, do you have sufficient experience with Talent Search and Upward Bound to render an opinion as to the validity of having two separate programs rather than one?

Both of these programs are reaching out for the same student.

Mr. KUGLER. There is, I think, some measure of duplication although the funds available to both programs are so insufficient that the duplication has not in fact caused overlapping.

I would say this, the principle of reaching down among the disadvantaged, among the ghetto poor, whether they be, by the way, rural or urban, is a top priority item. One thing that disturbs me no end is to go into many colleges and universities and look at the student composition which is all lily-white virtually, and that many of the people who should profit from education in our American society are deprived from having that opportunity.

This SEEK program, which I think the members of this committee should study very carefully, I think is the most mature program of its kind. If you would get in touch with the City University of New York and ask Chancellor Bowker for a report of that program you would see there a model of how much a program operates and the retention rate and the quality of the student that comes into that program.

I have seen at meetings of parents of these children how they raise their sights, how they are ready to counteract the narcotic addict, the pusher, the jailbird, the individual who carries a weapon around as the culture hero and replacing him with somebody who can make it.

If you open up an opportunity you lift the sights of these kids and you diminish the destructive and antisocial forces in the ghetto.

Mr. MEGEL. In spite of the fact that Upward Bound did not have the money to operate that they might have desired, yet the results have been excellent. We have supported the Upward Bound program through the OEO.

We are not in a position to say that it should be or should not be consolidated at this time but the program should be expanded.

Mr. KUGLER. I would like to bring to your attention this article in the Times. The City University, because of insufficient funds, would like to have some funds for counselors to counsel 2,000 applicants for which they have no room.

There are thousands of these high school graduates, they are high school graduates in name only, they are incomplete in terms of getting

any kind of decent job, they add to the unemployment rate in the ghetto, they are frustrated, they have somewhat the kind of education that sparks that kind of militancy that creates this antisocial leadership.

If we can channelize it in constructive channels it would be a remarkable thing and I think it would do more to alleviate and prevent riots and disorder and socially pay back the costs in terms of the avoidance of the obligations that we would incur in prisons and welfare rolls and everywhere else.

Mr. MEGEL. We made a survey some years ago in Washington. Twenty-two percent fewer boys and girls who graduated from Washington high schools were able to go on to college and universities than the national average.

Mr. ERLBORN. Maybe this is not a fair question but I will ask it anyhow: Given a situation where you don't have unlimited funds and there is competition for the Federal funds that are available, would you say that programs such as you have described are more important, for instance, than developing the supersonic transport or some of the other Federal programs that are competing for these dollars?

Mr. KUGLER. If you are asking for my personal viewpoint, I would say absolutely yes, that this has higher priority than the supersonic and space programs and some of the other important scientific programs.

We have to reorder our priority when we have a limited amount of funds.

Mr. ERLBORN. I would call to your attention that a group of Republican Congressmen in a press conference this morning were making the same point.

Thank you.

Mr. BRADEMAS. I would like to make an observation on what my colleague from Illinois has said, for I share his view and I voted against that supersonic transport appropriation but we were not many, either on my side or on his side of the aisle, I am afraid.

I would like again to express our appreciation to Dr. Kugler and Mr. Megel for their having come this morning.

Thank you very much, gentlemen.

(Whereupon, at 12:30 p.m., the subcommittee recessed, to reconvene at 10 a.m., Thursday, March 7, 1968.)

(The following was submitted for the record:)

NATIONAL COMMISSION FOR COOPERATIVE EDUCATION

COLLEGES AND UNIVERSITIES OFFERING COOPERATIVE EDUCATION PROGRAMS

At many of these 119 institutions, only some of the students are on the cooperative plan: it may be an optional plan, it may be offered in only some academic majors, it may be an honors plan. The interested student should write to the Admissions Office of the college or university of his choice requesting information about their program, and to secure specific information about the requirements for admission, scholarships, and possible financial assistance.

Alabama

Alabama Agricultural & Mechanical College, Normal
Auburn University, Auburn
Tuskegee Institute, Tuskegee Institute
University of Alabama, University

Arizona

University of Arizona, Tucson

Arkansas

University of Arkansas, Fayetteville

California

California State College at Los Angeles
 California State Polytechnic College, Pomona
 College of San Mateo, San Mateo
 Foothill College, Los Altos Hills
 Golden Gate College, San Francisco
 San Jose State College
 University of California, Berkeley

Colorado

University of Denver

District of Columbia

Howard University, Washington
 The American University, Washington

Florida

Florida A & M University, Tallahassee
 Florida State University, Tallahassee
 Florida Technological University, Orlando
 Manatee Junior College, Bradenton
 Miami-Dade Junior College, South Campus, Miami
 Pensacola Junior College
 University of Florida, Gainesville
 University of Miami, Coral Gables
 University of South Florida, Tampa
 University of West Florida, Pensacola

Georgia

Berry College, Mt. Berry
 Georgia Institute of Technology, Atlanta

Idaho

University of Idaho, Moscow

Illinois

Bradley University, Peoria
 Illinois Institute of Technology, Chicago
 Northwestern University, Technological Institute, Evanston
 Southern Illinois University, Carbondale
 University of Illinois, Urbana

Indiana

Indiana Institute of Technology, Fort Wayne
 Indiana State University, Terra Haute
 Purdue University, Lafayette
 Tri-State College, Angola
 University of Evansville

Iowa

Iowa State University, Ames

Kansas

Friends University, Wichita
 Kansas State University, Manhattan

Kentucky

University of Louisville
 Western Kentucky University, Bowling Green

Louisiana

Louisiana Polytechnic Institute, Ruston
 Louisiana State University, Baton Rouge

Massachusetts

Cambridge School, Boston
 Northeastern University, Boston

Michigan

Central Michigan University, Mt. Pleasant
 Delta College, University Center
 Detroit Institute of Technology, Detroit
 Ferris State College, Big Rapids
 General Motors Institute, Flint
 Kalamazoo College, Kalamazoo
 University of Detroit
 University of Michigan, Dearborn
 Western Michigan University, Kalamazoo

Minnesota

Concordia College, Moorhead
 University of Minnesota, Minneapolis

Mississippi

Mississippi State University, State College

Missouri

Rockhurst College, Kansas City
 University of Missouri, Columbia
 University of Missouri at Rolla
 W. & W. Technical Institute, Neosho

New Jersey

Bloomfield College, Bloomfield
 Rutgers University, New Brunswick

New Mexico

New Mexico Institute of Mining & Technology, Socorro
 New Mexico State University, University Park

New York

Adelphi University, Garden City
 Bard College, Annandale-on-Hudson
 Borough of Manhattan Community College, New York City
 Broome Technical Community College, Binghamton
 City College of the City University of New York, N.Y.C.
 College of Insurance, New York City
 Cornell University, Ithaca
 Elmira College, Elmira
 Keuka College, Keuka Park
 Mohawk Valley Community College, Utica
 New York Institute of Technology, Old Westbury
 Pratt Institute, Brooklyn
 Rensselaer Polytechnic Institute, Troy
 Rochester Institute of Technology, Rochester
 Vorhees Technical Institute, New York City

Ohio

Antioch College, Yellow Springs
 The Cleveland State University, Cleveland
 (formerly Fenn College)
 Kent State University, Kent
 Ohio College of Applied Science, Cincinnati
 Sinclair Community College, Dayton
 University of Akron
 University of Cincinnati
 Wilberforce University, Wilberforce
 Wilmington College, Wilmington

Pennsylvania

Drexel Institute of Technology, Philadelphia
 St. Joseph's College, Philadelphia
 Temple University Technical Institute, Philadelphia
 The Pennsylvania State University, University Park

Rhode Island

Roger Williams Junior College, Providence

Tennessee

Tennessee A and I State University, Nashville
Tennessee Technological University, Cookeville
University of Tennessee, Knoxville

Texas

Lamar State College of Technology, Beaumont
Southern Methodist University, Dallas
Texas A & M University, College Station
University of Houston, Houston
University of St. Thomas, Houston
University of Texas at Arlington
University of Texas, Austin

Vermont

Bennington College, Bennington
Goddard College, Plainfield

Virginia

Hampton Institute, Hampton
Virginia Polytechnic Institute, Blacksburg

Washington

Washington State University, Pullman

West Virginia

Alderson-Broaddus College, Philippi

Wisconsin

Beloit College, Beloit
Marquette University, Milwaukee
Milwaukee School of Engineering, Milwaukee
Stout State University, Menomonie
University of Wisconsin, Milwaukee, Milwaukee
Wisconsin State University-Platteville, Platteville

LISTED BY FIELDS OF STUDY OFFERED

Engineering and technology.—U. of Akron, U. of Alabama, Alabama Agricultural & Mechanical College, Antioch Coll., U. of Arizona, Auburn U., Bradley U., Broome Technical Community Coll., California State Coll. at Los Angeles, California State Polytechnic Institute, U. of California at Berkeley, U. of Cincinnati, The Cleveland State U., Coll. of San Mateo, Cornell U., Delta Coll., U. of Denver, Detroit Institute of Technology, U. of Detroit, Drexel Institute of Technology, U. of Minnesota, Mississippi State U., U. of Missouri at Columbia, U. of Missouri Institute, Georgia Institute of Technology, Hampton Institute, Howard U., U. of Houston, U. of Idaho, U. of Illinois, Illinois Institute of Technology, Indiana Institute of Technology, Iowa State U., Kansas State U., Kent State U., Lamar State Coll. of Technology, U. of Louisville, Louisiana Polytechnic Institute, Louisiana State U., Marquette U., U. of Michigan, Milwaukee School of Engineering, U. of Minnesota, Mississippi State U., U. of Missouri at Columbia, U. of Missouri at Rolla, Mohawk Valley Community Coll., New Mexico Institute of Mining & Technology, New Mexico State U., New York Institute of Technology, Northeastern U., Northwestern U., Ohio Coll. of Applied Science, Pennsylvania State U., Pensacola Junior Coll., Pratt Institute, Purdue U., Rensselaer Polytechnic Institute, Rochester Institute of Technology, Roger William Junior Coll., Saint Joseph's Coll., San Jose State Coll., Sinclair Community Coll., U. of South Florida, Southern Illinois U., Southern Methodist U., Stout State U., Temple U., Technical Institute, U. of Tennessee, Tennessee Technological U., U. of Texas at Arlington, U. of Texas at Austin, Texas A&M U., Tri-State Coll., Tuskegee Institute, Virginia Polytechnic Institute, Voorhees Technical Institute, W & W technical Institute, Washington State U., U. of Wisconsin-Milwaukee, Wisconsin State U.-Platteville.

Liberal Arts.—U. of Alabama, Alderson-Broaddus Coll., Antioch Coll., Auburn U., Bard Coll., Beloit Coll., Bennington Coll., Bloomfield Coll., California State Coll. at Los Angeles, Cleveland State U., Coll. of Insurance, Elmiro Coll., Friends U., Goddard Coll., Golden Gate Coll., Illinois Institute of Technology, Kalamazoo Coll., Keuka Coll., Manatee Junior Coll., Miami-Dade Junior Coll., U. of Michigan,

Mississippi State U., Northeastern U., Sinclair Community Coll., Southern Illinois U., U. of South Florida, U. of West Florida, Wilberforce U., Wilmington Coll.

Science.—Alabama Agricultural & Mechanical Coll., U. of Alabama, Alderson-Broadbudd Coll., The American U., Antioch Coll., U. of Arizona, Auburn U., Beloit Coll., Berry Coll., California State Coll. at Los Angeles, The Cleveland State U., Delta Coll., Drexel Institute of Technology, Florida A&M U., U. of Florida, Florida State U., Georgia Institute of Technology, Goddard Coll., U. of Houston, Illinois Institute of Technology, Kalamazoo, Coll., Lamar State Coll. of Technology, Mississippi State U., Manatee Junior Coll., Miami-Dade Junior Coll., U. of Missouri at Rolla, New Mexico Institute of Mining & Technology, New Mexico State U., New York Institute of Technology, Northeastern U., Pratt Institute, Rochester Institute of Technology, U. of South Florida, Southern Illinois U., Tennessee Technological U., Texas A&M U., U. of St. Thomas, U. of West Florida, Virginia Polytechnic Institute, Wilberforce U.

Business.—Adelphi U. (Graduate only), U. of Alabama, Alabama Agricultural & Mechanical Coll., Alderson-Broadbudd Coll., Antioch Coll., Auburn U., Borough of Manhattan Community Coll., California State Coll. at Los Angeles, Cambridge School, U. of Cincinnati, City College of the City U. of New York, the Cleveland State U., Coll. of Insurance, Coll. of San Mateo, Concordia Coll., U. of Detroit, Detroit Institute of Technology, Delta Coll., Drexel Institute of Technology, Ferris State Coll., Golden Gate Coll., Hampton Institute, Illinois Institute of Technology, Kent State U., U. of Miami, U. of Michigan, Mississippi State U., Mohawk Valley Community Coll., New Mexico State U., New York Institute of Technology, Northeastern U., Rochester Institute of Technology, Rockhurst Coll., Sinclair Community Coll., U. of South Florida, Southern Illinois U., Southern Methodist U., Stout State U., U. of Tennessee, Tennessee Technological Institute, Tri-State Coll., Virginia Polytechnic Institute, Western Kentucky U., U. of West Florida, Western Michigan U., Wilberforce U., U. of Wisconsin-Milwaukee.

Education.—Alderson-Broadbudd Coll., Antioch Coll., Beloit Coll., California State Coll. at Los Angeles, Central Michigan U., The Cleveland State U., Delta Coll., Drexel Institute of Technology, Keuka Coll., Mississippi State U., New Mexico State U., Northeastern U., Rutgers U., U. of South Florida, Stout State U., U. of Tennessee, U. of West Florida, Wilberforce U.

Nursing.—Alderson-Broadbudd Coll., Northeastern U., Keuka Coll.

Pharmacy.—Auburn U., Northeastern U.

Pre-med.—The Cleveland State U., Northeastern U., U. of Tennessee.

Home Economics (Including Dietetics).—Drexel Institute of Technology, Stout State U., Tennessee Technological Institute, U. of Houston, New Mexico State U.

Advertising Design.—U. of Cincinnati, Drexel Institute of Technology, Mohawk Valley Community Coll.

Industrial Design.—(Fashion and Interior)—Auburn U., U. of Cincinnati, Drexel Institute of Technology.

Architecture.—U. of Cincinnati, U. of Detroit.

Community Planning.—U. of Cincinnati.

Agricultural Science.—Mississippi State U.

AMENDMENTS TO BE PROPOSED TO H.R. 15067

On page 44, line 13, strike out "(a)".

On page 45, strike out lines 4 through 19, inclusive.

On page 77, line 1, strike out "PART D" and insert in lieu thereof "PART E".

On page 79, lines 12 and 19, strike out "PART E" and insert in lieu thereof "PART F".

On page 79, line 17, strike out "part D" and insert in lieu thereof "part E as added by this title".

On page 79, line 21, strike out "SEC. 471" and insert in lieu thereof "SEC. 481".

On page 76, after line 25, insert the following new part:

"PART D—COOPERATIVE EDUCATION PROGRAMS

"GRANTS TO INSTITUTIONS OF HIGHER EDUCATION FOR PROGRAMS OF COOPERATIVE EDUCATION; GRANTS AND CONTRACTS FOR TRAINING AND RESEARCH IN COOP—after PART D the following new part:

"SEC. 451. Title IV of the Higher Education Act of 1965 is amended by adding after PART D the following new part:

"PART E—COOPERATIVE EDUCATION PROGRAMS

"APPROPRIATIONS AUTHORIZED

"SEC. 471. (a) There are authorized to be appropriated \$8,000,000 for the fiscal year ending June 30, 1969, \$10,000,000 for the fiscal year ending June 30, 1970, \$12,000,000 for the fiscal year ending June 30, 1971, and \$15,000,000 for each of the succeeding 2 fiscal years, to enable the Commissioner to make grants pursuant to section 472 to institutions of higher education for the planning, establishment, expansion, or carrying out by such institutions of programs of cooperative education that alternate periods of full-time academic study with periods of full-time public or private employment that will not only afford students the opportunity to earn through employment funds required toward continuing and completing their education but will, so far as practicable, give them work experience related to their academic or occupational objective.

"(b) The are further authorized to be appropriated \$750,000 for the fiscal year ending June 30, 1969, and for each of the 4 succeeding fiscal years, to enable the Commissioner to make training or research grants or contracts pursuant to section 473.

"(c) Appropriations under this part shall not be available for the payment of compensation of students for employment by employers under arrangements pursuant to this part.

"GRANTS FOR PROGRAMS OF COOPERATIVE EDUCATION

"SEC. 472. (a) From the sums appropriated pursuant to subsection (a) of section 471, and for the purposes set forth therein, the Commissioner is authorized to make grants to institutions of higher education that have applied therefor in accordance with subsection (b) of this section, in amounts not in excess of \$75,000 to any one such institution for any fiscal year.

"(b) Each application for a grant authorized by subsection (a) of this section shall be filed with the Commissioner at such time or times as he may prescribe and shall—

"(1) set forth programs or activities for which a grant is authorized under this section;

"(2) provide for the making of such reports, in such form and containing such information, as the Commissioner may reasonably require to carry out his functions under this part, and for the keeping of such records and for affording such access thereto as the Commissioner may find necessary to assure the correctness and verification of such reports;

"(3) provide for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of, and accounting for, Federal funds paid to the applicant under this part; and

"(4) include such other information as the Commissioner may determine necessary to carry out the purposes of this part.

"(c) In the development of criteria for approval of applications under this section, the Commissioner shall consult with the Advisory Council on Financial Aid to Students.

"GRANTS AND CONTRACTS FOR TRAINING AND RESEARCH

"SEC. 473. From the sums appropriated pursuant to subsection (b) of section 471, the Commissioner is authorized, for the training of persons in the planning, establishment, administration, or coordination of programs of cooperative education, or for research into methods of improving, developing, or promoting the use of cooperative education programs in institutions of higher education, to—

"(1) make grants to or contracts with institutions of higher education, or combinations of such institutions, and

"(2) make grants to other public or private nonprofit agencies or organizations, or contracts with public or private agencies or organizations, when such grants or contracts will make an especially significant contribution to attaining the objectives of this section.

“DEFINITION OF INSTITUTION OF HIGHER EDUCATION

“SEC. 474. For purposes of this part, the term “institution of higher education” shall have the meaning assigned thereto by paragraph (2) of section 410, but without regard to the limitation on the purposes of application of clause (A) contained therein.”

In the TABLE OF CONTENTS, under TITLE IV—STUDENT ASSISTANCE, amend “PART D” and “PART E” to read “PART E” and “PART F”, respectively; and insert after the section title of section 441 set forth under PART C the following:

“PART D—COOPERATIVE EDUCATION PROGRAMS

“SEC. 451. Grants to institutions of higher education for programs of cooperative education; grants and contracts for training and research in cooperative education.”

HIGHER EDUCATION AMENDMENTS OF 1968

THURSDAY, MARCH 7, 1968

HOUSE OF REPRESENTATIVES,
SPECIAL SUBCOMMITTEE ON EDUCATION
OF THE COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to recess, in room 2257, Rayburn House Office Building, Hon. Edith Green presiding.

Present: Representatives Green, Hathaway, Burton, Quie, and Erlenborn.

Staff members present: William F. Gaul, associate general counsel, and W. Phillips Rockefeller, minority research specialist.

Mrs. GREEN. The subcommittee will come to order for the further consideration of the Higher Education Amendments of 1968.

Our first witness is our very good friend and colleague and extremely able member of the full Committee on Education and Labor of the House, Congresswoman Mink. We are delighted to have you here. We are interested in your comments and your suggestions on this legislation.

STATEMENT OF HON. PATSY T. MINK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF HAWAII

Mrs. MINK. Thank you very much. I appreciate this opportunity to testify before your committee and would like to ask that the statement that I presented to the chairman be inserted in the record.

Mrs. GREEN. Without objection, it may be included at this point.

(The document referred to follows:)

STATEMENT OF HON. PATSY T. MINK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF HAWAII

Madam Chairman and members of the Subcommittee: It is a pleasure for me to appear before this subcommittee to urge your consideration of H.R. 15067, a bill to amend the Higher Education Act of 1965, the National Defense Education Act of 1958, the National Vocational Student Loan Insurance Act of 1965,, the Higher Education Facilities Act of 1963, and related acts.

We are all aware of the crisis in classroom and laboratory facilities and more so this year because of the "pinch" in Federal funds. Nevertheless, the need for these facilities will increase—almost in reverse proportion to the funds to be made available by the Federal government.

I am advised that the U.S. Office of Education made its most recent survey of instructional facilities in April of 1966. Its report, based on the five year period ending in 1970 indicates that public and private institutions of higher learning say they will need facilities expected to cost \$8.8 billion during this period ending in 1970.

However, we know that the Congress appropriated \$450 million for Titles I & II to the Higher Education Act for construction of undergraduate and graduate

instructional facilities for Fiscal Year 1968. Another \$200 million was to be made available from the revolving fund for Title III loans for these facilities. What happened was that the Government reduced its actual obligations for Titles I & II to a total of \$300 million—as compared to the \$450 million appropriated for the Titles, and will hold down the loans under Title III to \$150 million as compared to the \$200 million authorized. And the picture is not brighter for Fiscal 1969. The Government had requested only \$75 million for Titles I & II and authority for only \$100 million in new loans under Title III. We are told, however, that there will be an expenditure of the funds held back in Fiscal 68, bringing total obligations for all Titles next year to \$375 million.

I believe the subcommittee is aware that this program will fall far short of the needs.

Let me direct the attention of the members to my own State of Hawaii. In the survey conducted by the Office of Education, the private and public institutions of higher learning indicated they would need new instructional facilities by 1970 estimated to cost \$49.5 million. And since 1965, schools in Hawaii have received a total of \$5.3 million in grants and \$6.1 million in loans under all Titles of the Higher Education Act. I believe you see the gap between the needs and the funds made available to satisfy these needs.

The recommendation I make would be for a system of low-interest loans through private financial institutions to supplement the money made available by the Federal government through appropriations and government loans for construction. I am not recommending a replacement for the grant funds.

It would be an interest subsidy on facilities loans obtained through the private market in which the Federal government would make up the difference between three per cent and the rate colleges must pay on the commercial loans. This would be similar to the provision contained in H.R. 8647 which I introduced last year for college housing loans and which will be considered this year by the House Banking and Currency Committee. Incidentally, a similar provision has been included in the housing and urban development bill approved by the Senate Banking and Currency Committee.

My suggestion is totally to supplement the existing loan and grant programs and to provide the needed facilities at a cost within the reach of the institutions without imposing a serious burden on the Federal budget. It would be done through private financing, with the government providing only that margin of assistance necessary to give colleges the benefit of the same three per cent financing available under the existing loan program of Title III.

The approach would be very simple:

The University would arrange to borrow these funds from the private market. Then the University and the Department of Health, Education, and Welfare would enter into a contract whereby HEW would make an annual payment of the difference between the actual debt service and the debt service at a three per cent interest rate. The three per cent direct loan authorization in existing law for Title III would remain available.

An annual authorization should be stipulated in the legislation and should be made available to institutions for this interest subsidy for each of the fiscal years. The impact on the Federal budget in any year under the supplemental interest payment approach would be very small. For example, assuming an average private market interest rate of 5½ per cent for private and public universities together, an annual supplement of less than \$10 million would achieve the effect of three per cent interest subsidy for \$300 million of college housing financing.

I am pleased to have Mr. Keith Spalding, the President of Franklin and Marshall College, endorse this proposal for his own college and the many associations of educational institutions he represented in his appearance before this subcommittee.

I am encouraged by the initial reaction to my proposal and I believe that we do have with this suggestion a feasible and workable plan whose early inception at such a minimal cost to the government can do so much to relieve the present worsening situation in construction of new instructional facilities. I sincerely hope that this committee will give its careful consideration to this plan as a positive approach that will draw the approval of educators and the business community in unison, while meeting an overlooked need in making a well-rounded education available to the hundreds of thousands of students who will be swelling college enrollments in the years ahead.

Mrs. MINK. The specific matter that I wish to support and bring to the attention of the subcommittee is in reference to the method of financing for the college facilities. I am sure I do not need to tell the subcommittee of the very critical need for additional funding for higher education facilities.

In line with this interest there is pending before the House and the Senate a recommendation which was put together with the American Council of Higher Education and others interested in the field, a new concept for financing these facilities.

The specific recommendation is now before the Banking and Currency Committee with reference to the omnibus housing bill. It was also considered in the Senate.

The basic theory behind the financing is to provide for interest subsidy payments by the Federal Government, recognizing that the Federal Government is unable to come up either with grant money or with loan money to meet this critical need.

It seemed to several of us, at least, that a small investment, an output by the Federal Government, could go a long way toward meeting the need if we establish this kind of program for interest subsidy.

If a college or university borrowed the money directly from the Federal Government there would already be involved a 3-percent interest payment to the Federal Government so that this would be the basic liability of the college and university in any kind of program. But if the college and university then is permitted to go to the private market to secure the financing rather than rely upon a very difficult financial situation in the Federal Government and the Federal Government provides the difference in the interest payment that the college or university must pay, then this would allow them to seek an alternate method of financing the college construction program.

I would hope that this subcommittee would consider the provisions which are now being considered for college dormitories and to amend the bill which is now before the committee to incorporate this idea, not a substitute for the direct grants or the loan provisions that already exist but to create this new avenue of resources for the university.

I would be pleased to answer any questions and respond to any comments you wish to make. I would hope that these bills which I have called your attention to in my prepared statement would be considered very seriously by the subcommittee.

Mrs. GREEN. Thank you very much, Mrs. Mink. I share your regrets and your concern that there is a proposed cutback in the facilities. This is not the time when we can afford to cut back. We need to plan for the years ahead. Your recommendations for financing will certainly be considered by this committee.

Congressman Quie, do you have any questions?

Mr. QUIE. No questions, but I should like to echo the words of the chairman. We are pleased to have you come in and make these representations.

Mrs. MINK. Thank you very much.

Mrs. GREEN. Thank you.

The next person to comment on this bill that is before the subcommittee is Mr. Allan Purdy, the chairman of the National Student

Financial Aid Council and the director of the student financial aids, University of Missouri.

Mr. Purdy will be accompanied by Mr. Gunness, director of student financial aids at Harvard, Mr. Davis of Tuskegee, Carroll Parish, University of California at Los Angeles, and Mrs. Jean Hunt, director of financial aids, Lewis and Clark College, Portland, Oreg.

May I express a special word of greeting and welcome to Mrs. Hunt.

Mrs. HUNT. Thank you, ma'am.

Mrs. GREEN. We don't have as many people from Oregon as we have from Kentucky before this committee. I intend to devote my efforts to correct that. We are delighted you are here.

Mr. Purdy, you are a friend of this committee. We read your letters and your comments and your recommendations that you make to us with a great deal of interest. We think it goes without saying that you have a lot of influence with the members of this committee on how the final legislation turns out in the student financial assistance part of the bill.

So, we will let you proceed as you wish, Mr. Purdy.

STATEMENT OF ALLAN W. PURDY, CHAIRMAN, NATIONAL STUDENT FINANCIAL AID COUNCIL, DIRECTOR, STUDENT FINANCIAL AIDS, UNIVERSITY OF MISSOURI; ACCOMPANIED BY PETER GUNNESS, DIRECTOR OF STUDENT FINANCIAL AIDS, HARVARD UNIVERSITY; L. W. DAVIS, DIRECTOR OF STUDENT FINANCIAL AIDS, TUSKEGEE INSTITUTE; CARROLL PARISH, DEAN OF STUDENT SERVICES, UNIVERSITY OF CALIFORNIA AT LOS ANGELES; CHAIRMAN OF FINANCIAL AIDS COMMISSION FOR THE AMERICAN COLLEGES PERSONNEL ASSOCIATION; AND MRS. JEAN HUNT, DIRECTOR OF FINANCIAL AIDS, LEWIS AND CLARK COLLEGE, PORTLAND, OREG.

Mr. PURDY. Madam Chairman, let me say this to you and to the members of the committee: We not only feel that you folks are friends of financial aid and the students who need help but your actions in the Congressional Record have proved that we do have a financial aid program going which is very meaningful. It has grown over the years.

Of course, we are here only to take a look ahead to the future to see what can be done to improve it even further.

For the record, I would like to apologize for the fact that we did not get a written copy to you sooner and there is one mistake on the third page in which, part of the third page belongs on item 5 and I apologize for that but in the typing and Xeroxing we made a mistake.

The facts were that we tried to assemble our council from all over the United States in Washington yesterday to finalize our discussion and thinking on the bills. So our written copy did not get done until late.

You have already introduced the people who are here at this table. There is a list also of the other council members who are here to back up the testimony and to participate in questions and answers.

We have before us the bill 15067. We will comment only on title IV which relates to the student financial aid. There are other titles there but we will confine our comments only to those parts having to do with the financial aid.

First of all, we look back and see that financial aid has grown up in several parts. There has developed the loan program, the work-study program, and the EOG program. So it is encouraging to see the suggestion that we make a consolidation in funding and in administering these programs from the standpoint of making the programs more effective and more efficient and to allow a little flexibility among funds so that the individual financial aid officer can use his good judgment in aiding the students on his own campus, making the dollar go farther and yet giving better service to the students who need it.

Therefore, we think this is an excellent direction and an improvement on the programs generally. Of course, since the programs are growing and since administrative costs are going up, we also look upon the 3-percent administrative cost to the institution as being desirable and justified and we hope that as partners in this program that the institutions can carry their full share and yet not have it be a financial burden on the institutions so that institutions, large and small, regardless of how they happen to be financed, public or private, can participate.

Naturally, when we combine the programs it would be logical to combine the advisory committee working with the Office of Education. So this also in part E, section 471, would receive our indorsement.

The educational opportunity grants program is the newest of the financial aid programs. We are just getting underway, this being our second year of operation, so we have a lot to learn about it but it has already proved its worth in helping the student from the low-income family.

The proposed suggestions here we think are improvements all the way along the line. We think the idea of keeping the maximum grant at a thousand dollars is good. It adds up to that now when you take the maximum of \$800 plus the incentive award.

Mrs. GREEN. Are you in favor of that incentive award?

Mr. PURDY. We are in favor of the \$1,000 maximum but we would rather see the mandatory incentive award done away with.

We have not found it to really accomplish what theoretically it might. We have not really found that it does that. Actually in many cases, I think it turns out to be a couple of hundred dollars. If we go ahead and meet the full need of the student and then give him \$200 extra, some students even react to it as if, "Well, fine, so much gravy," and I don't really think this has accomplished the purpose that it was theoretically intended to accomplish.

So we would like the provision as it is written to have the \$1,000 maximum without a mandatory incentive award.

Mrs. GREEN. How many institutions are keeping class rankings now?

Mr. PURDY. This is one of the problems. In many instances, this has meant actually an additional operation in the administrative offices of the dean, the director of admissions, to find out just who is in the top half of the class.

What do you folks think about that?

Mr. PARISH. We do keep the records carefully but I do feel this is a burden which is not only always fair and is not handled in a fair manner.

Mr. DAVIS. It gives us some problems at Tuskegee because our registrar sometimes does not cooperate. Then I have had calls from several other smaller colleges in which they in effect say, How do you arrive at this particular point? So, I am inclined to go along with Dr. Purdy that it would be better to give the \$1,000 outright, let that figure in the need, and leave off the incentive award.

Mrs. HUNT. Class rankings are readily available at our institution but I do believe that the money that is now made available for incentive awards would better serve the purposes of students were it used in recognition of need rather than the incentive.

I think this is especially so in institutions where funds are limited and programs are still young.

Frankly, I think that having to manage three budgets for an educational opportunity grant allocation is cumbersome and the reward is not sufficient.

Mr. GUNNESS. Harvard no longer maintains class rankings for any of its students, just a grade average. I second Jean's comment such as the needy students are concerned and desire to use it with EOG's rather than by incentive awards.

Mr. PURDY. Even last year there has been an increasing number of colleges in some phase of the grading system going to pass-failure or satisfactory-unsatisfactory grading which leaves no room for class ranking.

Frankly, a lot of the colleges got away from class ranks because they quit providing it for the draft boards. So, this combination of things is what we feel will make the suggestions that are already written into this bill very logical.

Are there any other questions on that?

Mr. QUITE. Don't employers ever ask for class ranks?

Mr. PURDY. Yes, they do sometimes. Sometimes they are more interested in the course of study, the professor's recommendation, than they are the actual ABC grades. But class rank is asked for and this is, of course, the problem of the placement officer. After weighing all of the aspects, we like the way you have it written here.

Mr. QUITE. In the satisfactory-unsatisfactory method of grading, then, there is no way for anyone to tell if a person accomplished a great deal?

Mr. PURDY. I would rather not get into that discussion, because whether I agree with that or not I am merely pointing out this is a fact of college life these days, that there are certain colleges who in one or more schools or in one or more portions of their education program are doing this and each time it is done that raises another problem concerning the administration of the incentive award.

I am not defending whether this is good or bad because that is not financial aid. That is an academic question. I might say that I could agree with you completely, but whether I did or not, I think would have no bearing still on our stand here.

Are there any other questions on that?

Mrs. GREEN. You may proceed.

Mr. PURDY. Now, there is another provision in here which we think is very sound, and that is recognizing the fact that certain colleges do have 5-year programs and that the disadvantaged student who comes into a college frequently needs additional help in the way of tutoring, maybe in the way of noncredit courses, to bring him up to a level where he can carry the work.

Therefore, we think the extension of the fifth year where it is recommended by the institution is a recognition of the facts of the disadvantaged student and, therefore, should logically be done.

Now, I may not be enough of a lawyer to understand exactly the way it is written, but I have in here one other statement and that is the fact of the student who is carrying "essentially a full load," but who may be carrying 13 hours instead of 16 or 17 and in 4 years' time because he has come from a disadvantaged background may need nine semesters to graduate instead of eight.

In that case, too, we would like to see this fellow or this girl have the same advantage of the EOG for his ninth semester or 10th semester as he did for the first eight. In other words, he would not be carrying a noncredit course necessarily. He may be in a history course where he can't cover the 50-page reading assignment that the other students can carry. He is a little slower. He can carry the same course but he can't carry as many of them.

Now we have worded it here so that if on the advice of the institution he is carrying less than the 15- or 16-hour semester load and he is a disadvantaged student, that he still be given the extra time.

I welcome any questions on that.

Mrs. GREEN. What is the current draft policy if they don't carry the full load? Are they picked up?

Mr. PURDY. Again, we are having to confine our testimony to the financial aid. The student might well run into a draft problem, but if he went to summer school, he would not.

Mrs. GREEN. But there is no point of this committee putting this in the bill if they are going to be picked up unless they are veterans or unless they are people disqualified physically.

Mr. PURDY. Yes, this is true, except that the student could go to summer school and still meet the draft requirement. Under this he would be going to summer school without any aid from EOG and he might very well need it very badly because he could carry 13 hours during the regular semester, pick up 8 hours during the summer session and come out with a 30- or 32-hour year very nicely.

Mr. PARISH. We have discussed this with the boards in California. As long as they fulfill the requirement of the normal progress that would be getting their degree in 4 years, they will consider it.

So they can take this any time during the year by examination or by other methods. Of course, then the large group of the young ladies will be involved, too. We need to support them.

Mr. PURDY. Are there any other questions on that?

Mrs. GREEN. No questions.

Mr. PURDY. Now we did say that there is now a \$200 minimum on EOG. I think that could be an administrative thing with the Office of Education, maintain that or lower it to a hundred. There could

very well be a minimum. I think if we get a little bit more experience that figure could be more meaningful. After all, we are just in the second year of the program now.

The way it is written, it is very satisfactory to us from our standpoint.

Now, the elimination of the individual matching student by student we like. We do think that, as has been indicated, every institution must keep up its institutional effort in aiding the students. This should in no way be an out for any institution to slack up on the aid that has been given.

But the bookkeeping for student-by-student matching is pretty momentous, monumental. So we think that the program will actually serve a better purpose, at least administrative cost, the way it is written.

So, we would like to endorse it wholeheartedly.

Item 5, I admit we are getting into a controversial area here on the teacher cancellation.

Whether it is politically expedient or not it is not for us to say. I think we have to react to the programs as we see it. Of all the studies and observations that we have made, we really can't see the advisability of continuing teacher cancellation on and on and expanding cancellation for more and more categories of people in the loan area.

Now, the program was started 10 years ago. We were very conscious of the teacher shortage, and it was hoped that this kind of provision would maybe encourage students to go into teaching.

We have been unable to find any research or definite figures which show that this has actually happened. The college entrance examination boards have made a rather detailed study this past year, looking to see if there are any figures anywhere that would prove that more teachers are going into it.

Actually, the pattern is very similar now to that which existed before in NDEA in cancellation as far as the number of people going into teaching.

The teacher cancellation idea, of course, does provide a little additional monetary award after graduation. Now that we have an EOG which is taking care of gift help to needy students while in school we wonder if it is necessary to continue a program of gift help after graduation when they are wage earners.

Now all of us read the papers and we know that there is unrest among teachers but I do not think that this kind of thing is going to cure that unrest because if you look at it the unrest is probably among those who graduated long before NDEA was a factor.

Wage scales and other things do bring up questions—

MR. QUIE. What did you say? The unrest is among whom—those who were graduated before NDEA?

MR. PURDY. I say if we would look at the teachers who are teaching today most of them graduated before NDEA. I can't see that teacher cancellation is a factor. The other thing, among them there would be one teacher getting cancellation, another teacher in the same school, the same salary level, not getting it.

Maybe one worked her way through, chose not to borrow, another one borrowed. So it is discriminatory within groups as to whether they declared themselves to be needy when they were in school or didn't.

Mr. QUIE. Madam Chairman, I fully agree with you because I tried for a long time to remove the teacher forgiveness feature. In fact, when the subcommittee reported out the EOG the first time, we proposed, as part of it, to drop the forgiveness feature. I would, too.

The only thing that surprises me is that the unrest is among those who were graduated before NDEA. That would be prior to 1958. I can't imagine that all these young teachers are completely satisfied.

Mr. PURDY. I don't intend to infer that all the young ones are satisfied and all the old ones are dissatisfied. But I say among them are a lot, I wouldn't even say a majority, who aren't even included or affected by something like this.

Mr. QUIE. Some of those I have encountered look like they must have been graduated after 1958.

Mr. PURDY. The head of the union appearing for the teachers certainly was a veteran, many years of teaching. But being as it may, getting down to the basic provisions—

Mrs. GREEN. Before you leave the forgiveness feature, let me pose one question here. You are before a very friendly subcommittee this morning on the forgiveness cancellation. I opposed it in the original bill. I did not think it should be there and I have opposed it ever since.

There is a new factor which has come to my attention that bothers me or gives me some concern. A person who graduates and is not in teaching is not eligible for forgiveness, but a person goes into any one of a dozen other disciplines and he takes a job in business or industry and I am told that there is a growing trend on the part of business and industry to state to the individual, "If you will come to us we will absorb your college loan and we will pay it off," and then the business writes it off as a tax deduction, which is perfectly legitimate.

If this develops and I must say that I do not have any particular opposition to it, then the only people who are going to be in college and who have loans and will not have a chance to have somebody else pick it up for them are those who go into public service.

Now we have two bills, new ones, before this committee to try to encourage people to go into public service. If everybody else that goes to work for the private sector is going to have somebody pick up that loan and write it off as a business expense and we have only the teachers and people in public service left, what will this do?

Mr. PURDY. It creates a grave problem. I don't know to what extent the buying of the loan or buying of the employee by paying off his loan, I don't know to what extent—I know that is done in some cases because shortages occur in manpower. The people seeking manpower will use any known incentive to get them.

It is like paying a bonus. They do it for football players, baseball players, and so forth, and this becomes a type of bonus.

I don't know the answer to that.

Mrs. GREEN. This is the only thing that slows me down right now on the forgiveness cancellation. It is the first time that anybody has presented a logical argument to me for the continuation of it.

Mr. PURDY. Then you would have to say, well, you have private employment versus public employment and get into a whole new philosophy of cancellation which I think is an awfully broad field.

Our Council really has not discussed this in view of the problem which you pose here. In fact, this being a problem on a national basis, I am sure it catches us a little bit unaware. We knew it was being done. We did not realize it was being done on a scale that would affect our thinking on this legislation.

But we have felt for a long time that this is really a discriminatory clause. The girl who goes into social work gets no consideration here. She is going into public service which is even lower paid than many teaching positions.

The next girl goes into teaching. So one gets cancellation and the other does not. It is not fair.

We can't make everything perfect, we realize, but we feel that there is a need here.

Now, from the standpoint of the NDEA loan program itself, I don't know that the law ever specifically stated that once this built up the repayment would create a revolving fund, in reality this could happen, but with cancellation features then a good portion of the repayment each year is siphoned off and we don't build up a revolving fund.

The figures, going back to the end of 1966 year, there have been \$28 million canceled at that time. We are now canceling \$12 million or \$15 million a year and this will expand pretty rapidly.

If this were phased out at this time then within a few years we would be saving \$35 million or \$40 million a year even by 1975.

So these are facts and figures that we need to think of as we get into the program. I think we object to it basically on the fact that it is discriminatory within classes of students on our campus.

This is our main objection to it.

Mrs. GREEN. Have you seen the study made by the college entrance examination boards?

Mr. PURDY. I have just barely seen it. I have not studied it in depth but we did go over it yesterday.

Mrs. GREEN. They do recommend that the forgiveness cancellation be taken out of the bill?

Mr. PURDY. Yes.

Mrs. GREEN. Mr. Gaul has called my attention to a pilot study that was done—it was only 109 borrowers under the NDEA. It asked, do you expect that any of your loans will be canceled because you are or will be in teaching? The total response, yes, 57 percent, and no, 43 percent.

Then if yes, is the fact that you do not have to pay back all your loan influence your decision to go into teaching? Ninety-one percent, no.

Mr. PURDY. We feel this is a valid response because the amount of cancellation is really not enough to influence the lifetime career decision. I pointed out in April when I had the opportunity to visit with you that frankly it is unbecoming to a profession to dangle a small monetary advantage in front of a 17-year-old to try to influence him one way or another on a career decision. That is not good education. These are the fundamentals.

Mrs. GREEN. Agreeing with you at least for the moment on this one factor, have you thought of helping this committee make this politically feasible by suggesting an alternative that would be attractive to the teaching profession so that as we would phase out the forgiveness

cancellation we would phase something else in that would make an awful lot more sense educationally and politically?

Mr. PURDY. Do you have any words of wisdom, Peter?

Mr. GUNNESS. I suppose one of the things I hear, at least from the education school at Harvard, is that they don't have any scholarship money for general purposes. Most of the scholarship funds that come to students in education go into special programs so that their general financial aid picture is pretty lean although certain parts of their program, guidance, for instance is pretty well fixed in a research sense.

So you have to generate or think in terms of programs that generally help support students going into education careers but in the framework of other programs of Government service as you suggested other people in the Congress are thinking about. But I have not thought about a quid pro quo exchange but it might have to be in that range.

Mr. PURDY. Whatever it would be, it would have to be something I think that would be a uniform consideration for all teachers, not just the ones who were poor while they were in college.

Mrs. GREEN. In a measure, we have a sabbatical in terms of the NDEA institute case, a kind of modified sabbatical?

Mr. PURDY. Right.

Mrs. GREEN. I think maybe more attention should be given to that than a straight sabbatical. At this point it seems to be the best way.

Mr. PURDY. Are there further comments here concerning that?

Mr. DAVIS. You take, for instance, by 1975, it would be something like cancellation cost to the Government of some \$34 million.

Now being from a small school and being associated with a number of small schools in the southern area, I know how much of a problem it is. Some of them have to turn down the possibility of contributions to the NDSL because they can't meet matching funds.

If even a fraction of that, one-half of it, were made available, it would potentially make them eligible to receive something like \$500 million in NDSL funds which they probably would have to turn down, not in any particular school but it would particularly affect the smaller schools.

Mrs. GREEN. Do you think we ought to consider something like the GI bill for teachers that have to be in combat zones?

Mr. PURDY. You are very wise in saying that, of course, once aid is established it is difficult to remove it from a philosophical and political standpoint. I believe it could not be done without something in its place.

Again, whatever is done should be for the teaching profession generally and not for just individuals which then puts the financial aid person on the spot.

Who gets it and who doesn't? This is the spot we don't really like to be in.

We have quoted a few figures here all of which concern the cost and so forth which is written out. Are there any further questions on this?

Mr. QUIE. I would like to go back to the question of matching. I understand that one of the suggestions is to use the work-study fund as matching. But also this legislation would not require matching at all.

Is that what you have said?

Mr. PURDY. In there somewhere there is a statement which says—

Mr. QUIE. Are you going to get to it?

Mr. PURDY. Let us take it up while you have it on the floor here. We have simply said this, the way we understand the bill as written we have a 1-year status quo of all programs. While we look ahead to beginning fiscal year 1970 to amend these programs the amended program would require no EOG matching.

But we still have 1 year of operation here in which institutions have to dig up matching funds for EOG. We are asking if even during this next year, fiscal year 1969, we couldn't use work-study as matching even while we are phasing out the matching requirement altogether.

Do I make myself clear?

Mr. QUIE. Yes; you make yourself clear. We made the requirement for matching to make certain that the institution would utilize its other resources and thereby look at the needs of that student and to its own resources as well as the Federal Government. What is more, the use of loans was to be encouraged because the needy student should carry that responsibility as well as those who are less needy.

I understand from your testimony that you think that the colleges will handle EOG money as responsibly without the matching requirement as they have been with it.

Mr. PURDY. I am sure there would probably be some abuse in some places. I don't think we can really write laws that will avoid all abuse everywhere but I do feel that the colleges are just as interested in education as the rest of the country.

That is our business. We make some mistakes. I have faith in the financial aid officers or I would not be in the business.

We would require and must require a continuation of the institutional effort.

Now the thing we have, since we can't use work-study, then we stack up EOG against loans.

Mr. QUIE. Plus the private money?

Mr. PURDY. Yes, plus the private money. Whereas, if a boy who was actually on work-study and a girl at the typewriter on work-study or a girl working in the library could use that as part of her matching, her loan would not have to be quite as large.

Mr. QUIE. We will accept that. I think we ought to drop the requirement or the prohibition on the use of work-study. But I still don't see what would be wrong with continuing in the law that the thousand dollars, or up to a thousand dollars should not be more than one-half of all other sources of financial assistance to the student.

Mr. PURDY. I think you probably would get a lot of agreement within the committee.

Mr. PARISH. Yes. I would like to answer that, if I may. As far as a CPA is concerned, we were on record as saying that the institution would guarantee the additional amount, in other words, how it was matched was not a question but we would see that the student, if we were given an EOG would be taken care entirely in the remaining amount of money that is concerned.

So I think that would answer your objection.

Mrs. HUNT. I think it would be interesting to the subcommittee to know that at the western regional meeting of financial aid officers held in Portland in January, there was a rather extensive discussion of the educational opportunity grant programs for the disadvantaged.

Repeatedly during the deliberation, the challenge was put to the college people, how are you becoming increasingly flexible to work with these disadvantaged?

How are you modifying your academic requirements? How are you modifying your counseling programs?

So that the individual needs of this new kind of student on your campus are going to truly be met. Finally, someone said to David Johnson, who is chief of the educational opportunity grant program, what is being done to increase the flexibility of your program which is designed to help us work with these young people?

And this, I think, is what this legislation, this proposed legislation, does. It increases the flexibility markedly and, yes, it does give more responsibility perhaps to the financial aid officer but it also says to the financial aid officer, if in fact you have a student who is culturally separated and who is not yet prepared to handle employment and who is going to have to borrow very modestly at the beginning, whether this be for psychological reasons or other reasons, then indeed, if this student needs to have more of his need met with gift aid, with a grant, than would be possible if you can only use the grant to meet half of his need, I think this is how we are really going to reach disadvantaged students, bring them to the campus and to keep them there once we have brought them, and I do think we are going to have to look at aid in a little different way especially for this group of students.

Mr. QUIN. Is there a difference between institutions which attract large numbers of economically disadvantaged students and those which attract a very few economically disadvantaged students?

Mrs. HUNT. There is a difference, quite frankly, Congressman. I don't think that any of us is so extremely successful in attracting really large numbers of truly separated students yet.

I think we have a long way to go. I think this legislation will help us.

Mr. QUIN. Aren't all the EOG students supposed to be the separated ones—those who would not otherwise go to college without the grant?

Mrs. HUNT. Yes, and there are degrees of separation. We are trying to dip down increasingly bringing in greater risk students all the time. These programs generate their own momentum for growth and they have become increasingly effective. We are only in our second year on our EOG program.

Mr. DAVIS. I am concerned about the loan aspect of the thing. Being from the deep south where the secondary schools don't always prepare as thoroughly as they might, their students, although gradewise they are outstanding. Now if we get a youngster I am not so sure that over the long run we are doing him a favor to load him up with \$400 or \$500 initially as a loan because if he does not make good he does not have any place to go, nor is he prepared to do anything other than to go back to his home town to some menial job which in many sections, even today, means \$15, \$20, \$25.

Now you are asking him to pay \$15 out of a potential earning perhaps of \$60 a month. Are we doing him a favor to saddle him up with a

loan? It would be far better to give him some work as a major part and match only where necessary initially his first year with a loan.

Mr. QUIE. Do you mean that the graduates of your institutions still are susceptible to those kind of jobs?

Mr. DAVIS. I am talking about the dropouts. I am not talking about the graduates.

Mr. QUIE. That is a subject we are handling over in the other subcommittee today. I wish I could be there at the same time.

Mr. PURDY. Are there any other comments or questions along this line?

Now just a matter of legality on NDEA loan collection under item 6, the present law does not provide for the cancellation of liability for the national defense student loan only in cases of bankruptcy, death or permanent disability.

Of course, anybody who operates a long program finally gets to the place in a collection procedure that there are times when you just have made every effort, you need to write something off the books.

All loan agencies have some such provision. This is one of the first things that the legal office of our school questioned. Okay, we make every effort, we try for 4 or 5 years and the boy does not take bankruptcy, maybe he disappears and we have not been able to locate him and so forth, that every reasonable effort whether or not it would be well to provide legally for a loan to be declared uncollectible.

Then if desirable, let the Office of Education take this loan, either for collection or decision whether or not the institution had made a sufficient effort and get it off the books one way or the other.

Now this is in termination of the really final case as a means of finally disposing of them. Our proposal would leave it up to the Commissioner to make the determination, first, that the institution had made an honest effort over a sufficient period, then either to take the loan or jointly declare it uncollectible.

I wonder if there are any questions on that?

Our business officers who in most cases are handling the collections for us because they are the people who have the accounts and handle the money, have sweated it under this provision quite a lot and have brought it up repeatedly except now 10 years have gone by since the beginning of the program and we are getting to the point where on some of these we have to make a decision because the 10-year time is up.

The effort has been made. We feel that nationally the collection procedures have been tightened up pretty well. The delinquency rate is not bad. In fact, it is according to how you describe a delinquent. But the really hard delinquent percentage is very low in this program.

Now those who are delinquent a month or 2 or 3 months, we may have a boy in Vietnam that we can't get a certain paper from him saying that he is in the service each year. So he is delinquent until we hear from him.

It is amazing how many teachers are delinquent until they get their teacher cancellation in.

In other words, they are delinquent on June 1. We may not get the signed paper from their principal until August 15. It may not be the teacher's fault. But during that 60 days they are delinquent.

But those delinquents we are not really worried about. We are goading them along and trying to keep our paperwork up to date. But we are talking here about the hard delinquent; there comes a time when you have to make a decision.

If there are no further questions on that, we do have item 7 concerning the work-study program which we like very much.

We think it is one of the fine student financial aid. It gives the student work opportunities under supervision, work experience which particularly many of the disadvantaged need. They have not sometimes had a job before.

They have not had the experience of showing up for work on time, doing a good job, and getting paid for it at the end. In fact, I personally had one girl show up at the cashier's window and she ended up in my office. I tried to find out why.

The facts are these: She did not know how to endorse a check. She had never been paid by check before. The cashier did not really understand. She had earned something, she owed something which should be paid at the cashier's window. This shows you some of the experiences which a good work program will give these disadvantaged people so that they can learn to be a part of the working world.

Again, it is a matter of matching. The program is set up to fiscal 1970 for all programs to be on, both the loan and work program to go back to 90-10 matching which we like.

The rise in Federal wage minimums is catching up with some of the colleges. So with increased wages on the one end and increased matching required on the other end it is putting a squeeze particularly on some of the small colleges. It is a problem. If the matching could go back to 90-10 we would like it.

Admittedly, it is still a good thing for the institution but it is only a good thing for the institutions which have the budget with which to carry their percentage and who have a well-established work program.

Some of the smaller institutions that need the work programs the most are having some difficulties along this line.

MR. PARISH. I just want to add one point which we have pointed out here somewhat but I point out that many of the offcampus agencies that are doing work toward helping the disadvantaged and doing work in the poverty areas are going to find great difficulty in the 80-20 formula that goes into effect on August 20.

If something could be done temporarily to assist them until this comes into effect for the consolidated program, it would be very helpful to those particular small agencies.

MRS. GREEN. I wonder if we could ask you to summarize on the balance because we have a number of other witnesses.

MR. PURDY. I have an item on the guaranteed loan program. Let me leave that for the last because I know you have hearings on that more specifically coming up in the next hour. There are a couple of other points I want to bring into this. I call your attention to the fact and I know you are not the appropriations committee but the recommended administrative level of appropriations for next year which is maintaining that which we had last year, with increasing numbers of students, maintaining the level of appropriations leaves a gap.

So, all programs will essentially be squeezed down a little if appropriations cannot increase with enrollment.

We know what the problems are but we have this statement concerning the fact that this is what will happen if we just maintain appropriations.

Now you have an item in here, part C, Special Services for the Disadvantaged Students. We feel this would be a wonderful addition to the EOG program. Many of these students come to us needing special counseling, special tutoring. Anything that can be done so that the institution can provide this would be a great improvement on the program and it would be a good companion to the EOG bill.

Naturally, we think that any funding that is done on the programs, as you have agreed with us many times, if we could get it done in time in the 1970 extensions, the number of years and the forward funding would be a great improvement so that we can tell these students in time for them to make their plans.

On the guaranteed loan program——

Mrs. GREEN. Before we leave this, in the House bill unfortunately, the extension of the talent search was left out which is in the Senate bill. What is your view and the rest of the members of the panel for combining the new program for the disadvantaged and the talent search and Upward Bound?

Mr. PURDY. My own feeling is that talent search and Upward Bound have been fine pilot programs. It has been on contracts. The city has had it, this city has done it, this State has done it. It has been done in different ways. I think we have learned something out of each one. I think from that experience there could very well be a combining of these two because frankly they are both working toward the same end.

One is saying we are going to go out and find this student. The other is saying we are going to keep track of him and give him every help to success after he gets there. This is a combined program and I think there is some logic in not making it two different sections.

I think the administrative cost of a combined program would be less than having an administration out here hunting students and a college in here taking care of him.

Mrs. GREEN. They both also go out and seek the students?

Mr. PURDY. Yes. In reality they are seeking the same student using duplicated funds to go out and seek the same students. So I think there would very well be great wisdom in combining them.

Mrs. GREEN. May I have comment of the other members of the panel on this point?

Mr. GUNNESS. I react very similarly to Allan. One of the worries I have is that Upward Bound programs have attracted some really exciting kinds of people with ideas that are not usually accepted among educators. I do not mean to slight my profession but I think sometimes we have tended to not look to new ideas as fast and as quickly as and in as an adaptable a way as we might.

Insofar as Upward Bound could maintain some of its real honest excitement and enthusiasm, combining would not worry me at all. But if it lost some of the very people who made it exciting and I understand they have difficulty keeping good people.

Mrs. GREEN. Don't you have to balance keeping the exciting people and those who made it very dismal?

Mr. GUNNESS. Yes.

Mrs. GREEN. We have four Upward Bound programs in Oregon. Two of them are very good and high school principals are excited about them. Two others of the program, the educational community out there tells me they won't even cooperate. They won't take the students. They are dismal failures, and have most unfortunate implications.

Mr. GUNNESS. Insofar as the system can really police itself well and keep the good ideas coming to the top, I think I would support the notion that the two do have a kind of logic that makes some sense.

Mrs. HUNT. My colleagues in Oregon have urged that we try to bring these programs together.

Mrs. GREEN. The Talent Search and Upward Bound?

Mrs. HUNT. Yes.

Mr. DAVIS. I agree. We have had some wonderful experience with students in Upward Bound but I agree with Dr. Purdy wholeheartedly.

Mr. PARISH. We have coordinated the two programs. In some cases the directors are doing both. Actually we feel that the coordination is working very well now and we hope it will be extended.

Mr. GUNNESS. In Boston, all the Upward Bound programs are connected with the 408 program we run.

Mrs. GREEN. You agree that the goals are the same, it would cut down the administrative cost?

Mr. QUIE. You say "coordinated." What do you mean by that? We have had some complaints come in here on Upward Bound and Talent Search. It looked to me as though there was virtually no coordination. So it would not be on the national level, it would be down to a local level.

Mr. GUNNESS. In Greater Boston we have a center, storefront guidance center essentially which tries to get in contact with students from various segments of the population in the city. We make routine visits, for instance, we being the staff of the center or members of the educational community who are associated with the center, visit Upward Bound programs and try to help them place students.

We have not coordinated it so tightly that all the students in the Upward Bound program come into college through the 408 program.

We do visit programs, we do work closely with the college people and act as kind of liaison in many cases.

Mr. QUIE. Do you have the same people working in both programs and coordinating or do you have an artificial coordination?

Mr. GUNNESS. The same people in an advisory capacity, not the same professional staff but the people at Brandeis, for instance, who are involved in the Upward Bound program are also the same people involved in the 408 program in an advisory way.

Tufts the same way, Harvard the same way. There is a tremendous overlap in this respect.

Mr. PARISH. The head of our 408 program in the University is the person who was director of the summer program for Upward Bound. He works all year along very closely with the people who are doing the Upward Bound year-round operation.

Mr. QUIE. You also mentioned the fact you did not want to lose good people who have exciting ideas. This is tossed out to us whenever we suggest coordinating programs, especially taking anything away from OEO. Why is there ever a danger of losing those people if another agency handles it?

I never could understand why that would be the case. It seems to me that innovative individuals would work in the program because they believe in it and have an opportunity of trying out something new.

Mr. PURDY. I think all of us have to admit that the education community is growing and it takes these ideas a little time to get our support. I include myself in the educational community. I think we can say things now and see avenues now that 3 years ago we did not. I think the thing that you have said here is that there are some people who have done some things that maybe I would have said 3 years ago could not be done, yet they have shown they could.

The educational community is opening its eyes to many of the potentials, the exciting things that are happening, and we don't want to lose this.

Now I am not indicating that, I hope I am not classified as one of the backward ones but I think our education generally has its spots in which given institutions, given individuals are just beginning to see what can be done here.

Mrs. GREEN. What is the comparative amount of money that you people have for Talent Search and Upward Bound?

Mr. PURDY. I doubt if I can answer that. We have two Talent Search programs in the State, one centered in Kansas City and one in the Ozark areas, total financing this year is around \$150,000. I do not know what the total financing is on Upward Bound in our State. Does anyone know?

The Upward Bound generally is actually more than that but I couldn't say more than that.

Mr. QUIE. Upward Bound is an expensive program?

Mr. PURDY. That is right. As I say, I do know that in Missouri we are spending around \$150,000 on two 408 programs. But it does not cover the whole State.

Mrs. GREEN. In terms of the Federal appropriation, Upward Bound is financed much more generously than Talent Search?

Mr. PURDY. Right.

Mrs. GREEN. That might have something to do also with the "PR" expenditures down there; they come very high.

Have any of you had calls from the Director of the Upward Bound program or people in that office asking you to set aside money in the other student financial aid programs for Upward Bound program students that are coming to your college?

Mr. PURDY. Yes.

Mrs. GREEN. From whom do you get those calls?

Mr. PURDY. I don't know whether it is the assistant director or whom. Lloyd Brooks in my office has been in close touch with Upward Bound programs around the State. He is my contact man. But it generally comes from sort of the assistant director level, the people who are kind of out working with the students and say, "Look, I have three students, one wants to come to the University of Missouri. What can you do in the way of making sure they have finances?" Maybe this is 6 months ahead of time.

Mrs. GREEN. Did this come from the national office? You all have had these calls?

Mr. PARISH. We actually went out and asked them to call us, and we insisted that they do this so that we could be prepared to have certain allocations set aside for this type of student.

Mrs. GREEN. Tell me the justification for setting aside money under the Work-Study or EOG or NDEA or anything else for a person who is enrolled in Upward Bound.

Mr. PURDY. To me it is just another disadvantaged student who has a potential in college. We promise it to him just like we do an EOG student, whether he comes through Upward Bound or not.

Mrs. GREEN. Do you have enough EOG money and enough Work-Study to go around to all the needy students?

Mr. PURDY. No, we don't.

Mrs. GREEN. Then will you tell me the justification for having to spend a thousand or more dollars, sometimes a great deal more than that on an Upward Bound student and that you set aside money under the other student financial aid programs and Joe Doakes, who is making good and who was motivated and who came from an equally poor family and who worked just as hard, maybe harder, and there is no money in Work-Study for him and there is no money in Economic Opportunity Grants and there is no money under NDEA. Will you tell me the justification in a Federal program in having people in Upward Bound set the money aside?

Mr. PURDY. There is none, I agree. In my own case, speaking for my own institution, we have not had that many Upward Bound people call in to us. We are still out seeking them. We look for Upward Bound and we look for the Joe Doakes who have no connection. We work through the high school counselors. I would say we are still taking care of the Joe Doakes that we can get in contact with as well but our Upward Bound population, frankly, is disappointingly small, very small.

I hate to admit this but I don't believe we have 10 Upward Bound students.

Mrs. GREEN. Is it not true that if you are asked to set aside money and if indeed you do so, a practice which is not required by law and a practice which I intend to amend the law to prohibit, you are putting an Upward Bound student at the head of the line and as a result you are putting others farther down the line and the funds may run out?

Mr. PARISH. That is right.

Mr. GUNNESS. I was not aware that colleges were in fact putting money aside. We make it a point to use Upward Bound information as an identifier just as we would information—

Mrs. GREEN. I am talking about preferential treatment. Talking of Upward Bound, Washington, and directors in the State as a matter of policy are asking for preferential treatment for students enrolled in Upward Bound. Is that correct?

Mr. PARISH. We would think so, particularly since there is some Federal money spent on this program we feel we would give preferential treatment to the person if we were short of funds.

The only funds we are short of are the EOG funds themselves. Sometimes we go out and raise our own educational opportunity grant funds.

There is no question about it, they would be given preferential treatment because so much money is being spent in recruiting these students.

Mrs. GREEN. They already have had that advantage sometimes to the tune of several thousand dollars. Then we say because you have been enrolled in that we will put you at the head of the line on everything else.

Mr. PURDY. Right.

Mrs. GREEN. Mr. Davis, do you want to comment?

Mr. DAVIS. I am just like he is. In many instances, I have not had the funds with which to give preferential treatment. We have, I believe, some 14 or 15 this year. We had other calls and were asked to give preferential treatment but the calls did not come until 10 days before school opened. I told them I was sorry, I was committed all the way.

Mrs. GREEN. My own personal feeling is that this kind of policy is really in conflict with congressional intent. I see absolutely no justification for this at all. I regret that the National Director of Upward Bound has had this policy for some time.

Are there any other questions on the disadvantaged?

Mr. PURDY. I think we will just wind up with one brief statement on the guaranteed loan program. First of all, the guaranteed loan program is still in considerable need for credit. It has its problems. We are interested in finding again the college boards study shows that 32 percent of the borrowers under guaranteed loans are under the \$6,000 income, which means that we do have students who need loans who are being helped.

Fifty-eight percent are under \$9,000. Then we go on up to where there are those maybe who have no need at all. From the financial aid standpoint when the student who does need a loan goes to his bank and cannot get it either because the bank is not participating at all or because the bank has loaned out \$100,000 and the directors have decided that is all they can loan or because that the student's parents do not have an account at that bank, basically we feel that the program is being limited because the lender feels that he is not getting compensation for the service rendered or fair compensation.

Now we can say that we would like to see the program work. There are financial experts far better than we to say what the changes should be to make it work. It has been suggested, of course, increase the interest, a handling fee.

Now the financial aid person under the current regulations has very little to say about it. All we can do is rubberstamp, he is in school, period. That is really all we can say about it at this time.

Frankly, I think we would like to have a little bit more to say about it if it is to be a program to help those who need credit.

I think we are in a position to help out considerably.

I had a situation in December in my own office in which we had some applications piling up, 25 to 30 of them. We were short on guaranteed funds. I said, call each of these in and talk with them and see what their real needs are. The applications were for around \$22,000. After talking with these kids we took care of all of them with \$16,000.

They were well taken care of but they had asked for the traditional \$1,000 apiece when many of them could really get along on less than that.

So we can say that there are several suggestions here. We are not wise enough to say which is the best plan. We would be glad to enter into any conversation that might come up with your next hearing that is coming up.

Do you have further questions?

Mr. HATHAWAY. On your figures, you mean 58 between the \$6,000 and \$9,000?

Mr. PURDY. No, a total of 58 percent under \$9,000. So the difference between \$6,000 and \$9,000 would be the difference between 32 and 58 percent.

Mr. HATHAWAY. Forty-two percent who have come over \$9,000?

Mr. PURDY. Yes.

Mr. HATHAWAY. You don't have any breakdown above the \$9,000?

Mr. PURDY. I don't have. This came from that study which you have.

Mr. HATHAWAY. We will find it in there.

Mr. PURDY. We do appreciate the opportunity to visit with you on these things. We are open for questions at any time, anyway.

Mrs. GREEN. Mrs. Hunt, you did not comment on this preferential treatment.

Mrs. HUNT. We have not had that kind of request but I certainly agree with you that any time that preferential treatment is given when we have the funds that we presently have to work with, it means that someone else is going to be denied.

Mrs. GREEN. Do any of the others—I think there was some head shaking which does not show up very well on the record. Do you want to comment on that?

Mr. GUNNESS. We give preferential treatment to the 408. We don't see many Upward Bound children in numbers large enough to have this be a problem right now.

Mrs. GREEN. If you just have one, if you have one Upward Bound that is given preferential treatment and one other that comes from the same socioeconomic group that does not get it, isn't that important?

Mr. GUNNESS. It sure is.

Mrs. GREEN. Do you favor preferential treatment?

Mr. GUNNESS. No; I don't.

Mrs. GREEN. Would the rest of you like to comment for the record? This might be important.

Mr. PURDY. I certainly would say from the standpoint of myself that I would take every student on the merits of his situation rather than whether he had been an enrollee in an Upward Bound program or not. I would give no preferential treatment.

Mrs. GREEN. My thanks to all five of you for your comments.

(Mr. Purdy's prepared statement follows:)

STATEMENT OF ALLAN W. PURDY OF THE NATIONAL STUDENT FINANCIAL COUNCIL

Madam Chairman and Members of the Committee, the National Student Financial Aid Council appreciates the opportunity to discuss the provisions of H.R. 15067. Our Council is composed of representatives of regional organizations of student financial aid administrators in both private and public institutions, large and small, throughout the nation.

I am Allan W. Purdy, Chairman of the Council, from the University of Missouri. I am also Chairman of the Financial Aid Commission of Student Personnel Associations. With me today are: Mrs. Jean Hunt, Lewis & Clark College; L. W. Davis, Tuskegee Institute; Peter Gunness, Harvard College; and Carroll Parish, U.C.L.A., who is also Chairman of the Financial Aid Commission of the American College Personnel Association. Other members of the council

attending are: James G. Dwyer, Marquette University; John D. Jones, Arkansas A & M; Jerome R. Murphy, University Montana; James B. Sanderson, University of Utah; Hugh Voss, Washington University, St. Louis; Ken Wooten, University of Mississippi; and Arch W. Hunt, Baylor University.

1. Our comments will deal only with Title IV of H.R. 15067 concerning aid to students. Financial aid has grown up in several parts—loans, work, and gifts. We heartily approve the amendments which would consolidate these programs for the purpose of funding and administration. The flexibility provision of the 20 percent transfer of funds between the programs of course places a greater responsibility on the individual financial aid officer. It also enables him to exercise his best judgment in making the aid dollar effective and in giving the maximum help to deserving students.

2. Since the programs are growing and the administrative costs are rising, it is encouraging to the institutions to see the provision of three percent for administrative costs.

3. With the consolidation of the programs, it is logical to combine the advisory committees into just one committee instead of three (Part E, Section 471).

4. Since its inception in the 1966-67 academic year, the Educational Opportunity Grants Program has brought increasing numbers of exceptionally needy students to institutions of higher education. We recognize the value of the existing EOG Program and we see in the proposed legislation [Section 404, subsections (a), (b), and (c)] the opportunity to more fully achieve the purpose of this aid. We support retention of the maximum award at \$1,000 per year, and endorse an award minimum subject to review by the Commissioner. The provision to extend awards to students in regular five-year degree programs is a needed refinement. We are especially enthusiastic about grants for students who require remedial or noncredit courses. An extension beyond the four years would also be justified for the disadvantaged student who is "essentially a full time student" but who on the advice of the institution carries some what less than the normal semester or quarter hour load.

The elimination of an individual grant matching requirement provides for institutional flexibility in the packaging of student aid, and certainly institutions should be required to maintain their efforts for aid as each has done in the past.

We feel an immediate urgency exists for the deletion of the restriction against using CWS funds as a source of matching aid for the EOG for the 1968-69 school year approval of such an amendment *effective July 1, 1968*, on the basis of average borrowing habits, under this program over a five year cancellation period, cancellation would be afforded the average student in amounts between \$400 and \$425. These averages will likely get larger. Even if it were sound educational philosophy to motivate a student to choose his career on the basis of loan forgiveness, we doubt that \$400-\$425 is a sufficient amount to accomplish that purpose.

More than \$28,000,000 in principal and interest had been cancelled by the end of the year 65-66. If cancellation were phased out, it is estimated that savings annually will exceed \$34,000,000 by 1975. If it was ever hoped that NDSL repayments would create a revolving loan source, this annual attrition would prevent such a plan from succeeding.

5. As reported in the testimony by the National Student Financial Aid Council before this Committee on April 27, 1967, we strongly question the advisability of continuing the teacher cancellation provisions of the National Defense Student Loan Program. Currently the gifts to many potential teachers under the EOG program logically reduces the need for a gift program which continues after graduation. Cancellation for full-time teaching service was introduced with the anticipation that this provision would affect significantly the number of college youngsters who choose teaching as a career. It has been determined from analysis that teacher cancellation provisions *have not resulted* in an appreciable increase over and above the normal number of students entering the teaching field.

In a 1968 study of Federal Student Loan Programs conducted by the College Entrance Examination Board which has been made available to this committee, it was shown that no evidence could be found to support the contention that the cancellation provision has materially contributed to an increase in either the number or quality of teachers. The report states that during the nine years the National Defense Student Loan Program was instituted, the rate of increase in the number of classroom teachers has closely paralleled the rate of increase in the number of high school graduates, the number of college graduates, and the number of college graduates with bachelor's degrees in education. Moreover, statistical information indicates that this same parallelism existed during the four years preceeding the National Defense Student Loan Program.

The original thesis was that teacher cancellation would be instrumental in

shaping vocational career choices. In 1965 and 1966, the average teacher cancellation benefit was \$84 and \$85 respectively.

Various proposals to extend cancellation to other critical manpower needs, to veterans, and other groups makes the total anticipated cost of this provision somewhat staggering. The present law discriminates against these and other groups as well as against teachers who do not borrow, and against potential teachers who borrow from other funds.

With the cancellation of either 10 percent, or 15 percent, for certain groups with an extended list qualifying each year, an inordinate amount of time and energy has been devoted by colleges and the Office of Education staff to the cancellation feature. We feel that the cancellation provision has not accomplished enough to warrant this expenditure of time and money. Therefore, we are of the opinion that Section 205(b)(3) of the National Defense Education Act should be deleted, thereby: (a) eliminating the discriminating provisions of the Act, (b) eliminating the paper work and ever increasing problems of collections associated with cancellation privileges, and (c) otherwise restoring the program to a true loan program for students.

6. At the present time the law provides for the cancellation of liability for a National Defense Student Loan only in cases of bankruptcy, death or permanent disability. By the very nature of the program, which provides financial encouragement to impecunious students, some difficulties in collection are to be expected since usual credit standards are ordinarily inapplicable in the awarding of National Defense Student Loans. Currently, institutions have no mechanism for removal of uncollectable accounts and, thus, they remain as "deadwood" in the institutional records.

It is thus recommended that under Section 405(c)(1) the Commissioner be granted specific authority to determine the uncollectability of National Defense Student Loan accounts and specify by regulations a mechanism for assigning such accounts to the United States Office of Education for collection or cancellation as circumstances dictate.

7. We support the provisions in H.R. 15067 relating to College Work-Study. It brings the program in step fiscally with the other major student aid programs.

It is considered that the College Work-Study Program is one of the most vital parts of financial aid and is of particular value for the disadvantaged student. It provides work experience of a caliber which is seldom matched by other employment opportunities and permits the disadvantaged student to gain job training which would in most cases be unavailable to him elsewhere.

Some problems are created for both off-campus public agencies and institutions of higher education in meeting the existing 85 percent Federal and 15 percent matching formula. Even greater problems are anticipated when the present formula is changed to 80 percent Federal—20 percent matching on August 20, 1968. Some campuses will have difficulty in meeting the wage scale imposed by the Fair Labor Standards Act while at the same time the institutional matching share is greater. This will in effect cause a reduction in the number of students on the Work-Study Program in some schools. It is strongly recommended that provisions be implemented permitting the formula to be amended to 90 percent Federal and 10 percent matching for fiscal year 1969.

8. The Guaranteed Loan Program has proved to be a valuable part of the Student Aid program. In an 18 month period ending December 1967 over 685,000 loans totaling more than \$550,000,000 were made to students. An analysis of 287,000 guaranteed loans shows that 32% of the borrows came from families with income levels under \$6,000 and 58% under \$9,000 annual income.

The Student Financial Office is daily confronted with the situations of the students who do not have access to a guaranteed loan. This lack of opportunity is due primarily to the fact that a sizeable portion of the potential lenders are not participating in the program. In addition a sizeable majority of those who are participating have placed restrictions on the amount of funds available for this purpose. Most are restricting the loans to students whose parents have an established account with the lending institution.

It appears that the reluctance of many potential lenders is primarily due to the fact that the program does not provide a reasonable return for the service rendered. Changes in the program which would improve the lender return seem quite justified.

The financial aid officer has another concern which may have a direct bearing on the program. Under current practices, the interest subsidy cost to the Federal government will mount rather sharply. Assuming that there is an upper limit of total funds available for financial aid to students, we wonder if the guaranteed loan program will in time siphon off funds badly needed in other programs?

The removal of all interest subsidy at the beginning of the payoff period would save a substantial amount of Federal dollars and would place a greater degree of responsibility upon the borrowers.

In addition it would add an incentive for the loan to be paid off readily after graduation. A further advantage would be the simplification of administrative detail for the lender during the pay out period.

The guaranteed loan program offers many problems and as you know, it is difficult to get a general agreement on the best way to improve it. Since a detailed discussion will be presented by the National Conference of Executives of Higher Education Loan Plans later in this hearing, we will reserve further comment at this time.

9. We believe the present level of funding as recommended by the Administration is inadequate to enable Student Aid programs to keep up with expanding enrollments. This recommended level might seriously handicap the newest of the programs, the Educational Opportunity Grants. EOG will be serving a new group of students next year, the first class aided will not graduate until June of 1970, and the funds suggested will not adequately meet the needs.

By comparing the recommended levels of funding (\$190 million for the NDSL Program, \$140 million for the CWSP Program and \$148 million for the EOG Program) with the requests of the colleges and universities (\$247 million for the NDSL, \$227 million for CWSP, and \$220 million for EOG), one can visualize the number of needy students who will be unable to receive aid. Under the EOG Program, colleges and universities have been urged to make advance commitment of funds to students in the eleventh and lower grades. The projected curtailment of funds will discourage colleges from making these commitments.

Three of these programs, NDSL, CWSP, and EOG, are designed for needy students. In contrast, the Guaranteed Loan Program was designed as a program of convenience. It is our assumption that a large number of borrowers under the GLP would be able to attend college without these loans. Hence, if there are shortages of funds, we strongly urge that funding priorities be given to these programs which are the most effective in enabling students to secure higher education.

10. While we are on the subject of funding, we sincerely appreciate all efforts at all levels to provide advance funding so the institutions can get the word to their students in time for them to plan for the coming year. This is vitally important.

The National Council heartily endorses Title IV, Part C, Special Services for Disadvantaged Students. The stated purpose highly complements the other programs of student financial aid and will enable the institutions to assist and encourage students of limited financial, social, and educational backgrounds in realizing educational objectives to which they are entitled. When a significant number of such students are included in a student body, it presents special problems of counseling and tutoring. Funds from this act will help the institution meet these problems as well as other social and financial responsibilities to the highly disadvantaged student.

12. Again we thank you for the opportunity of presenting our thoughts and of working together with you and with the Office of Education in a unified effort to keep the door of educational opportunity open for those who need help.

Mrs. GREEN. The next person that we have before the committee is our colleague, the able Representative from New York, the Honorable Bill Ryan.

Mr. Ryan, I regret that we have kept you waiting.

STATEMENT OF HON. WILLIAM F. RYAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. RYAN. I enjoyed the discussion, Madam Chairman.

Mrs. GREEN. Will you proceed on the point. I am aware of your particular problem, Congressman Ryan. I don't know whether you want to have your full statement placed in the record at this point and you summarize it or whether you want to read it.

Mr. RYAN. Suppose I proceed. I think the statement is concise and explains the problem with which I am concerned and which, of course,

I have brought to your attention from time to time over the past several years.

I appreciate, Madam Chairman, the opportunity to appear here in support of the concept of my bill, H.R. 1248, which would guarantee relocation payments for persons and businesses displaced as a result of construction under the Higher Education Facilities Act.

I hope that the substantive provisions of this bill can be made a part of the bill which this distinguished subcommittee recommends. Particularly in urban areas, where vacant land is not available, the expansion of colleges and universities often conflicts with other interests.

My bill is intended to soften a side effect of university expansion—the dislocation of families and businesses in the surrounding community.

Institutional expansion in a city causes great personal hardship and expense to individual residents of the community, who are displaced from their homes. This is compounded when there is no relocation assistance.

A university's plan for expansion, however desirable from an educational standpoint, must be balanced against the displacement and inconvenience to residents of the community.

Where Federal funds enable an institution to expand, thereby contributing to the displacement of persons from their homes and businesses, the Federal Government has a responsibility to require that relocation assistance be provided.

In my district in New York City, Columbia University during the past few years has purchased some 93 surrounding apartment dwellings for conversion to dormitories or academic facilities or for demolition in order to clear sites for new construction.

The owner of the dwelling, of course, is compensated. But the residents are not entitled by law to relocation benefits or assistance with moving expenses, and are usually unable to find comparable housing.

Similarly, proprietors of small businesses are frequently displaced on short notice, and receive no compensation for the burden of having to relocate. If they are forced to move to another neighborhood, they will probably lose the goodwill of their familiar customers. They face moving expenses, higher rentals, or may be driven out of business entirely.

Where Federal funds finance the expansion of universities at the expense of tenants and businessmen, there should be Federal relocation guarantees. Ironically, there are guarantees when urban renewal funds are involved.

Section 114 of the Housing Act of 1949 requires local public agencies to pay benefits to families, businesses, and nonprofit organizations displaced as the result of urban renewal action. These benefits include moving expenses and relocation benefits. They are reimbursed by the Federal Government.

In the Housing and Urban Development Act of 1965, relocation provisions were expanded to include displacement as the result of low-rent public housing, mass transportation, public facility loans, open space land and urban beautification, and neighborhood facilities, as well as urban renewal.

It is inconsistent that relocation benefits are not required where displacement results from federally financed construction under the Higher Education Facilities Act.

But there is another anomaly. If land for educational facilities is acquired through urban renewal and turned over to an institution, relocation benefits are provided.

This has happened in a minority of cases. The University of Chicago is one.

If on one block in a city, a university expands through the use of Federal urban renewal funds, the families and businesses displaced receive relocation compensation. But, if in the next block, which is not part of an urban renewal plan, the same university purchases buildings which it intends to demolish for the construction of classrooms using Federal grants or loans, families and businesses displaced are not compensated.

My bill would essentially extend the benefits of section 114 of the Housing Act of 1949 relating to relocation payments to construction under the Higher Education Facilities Act of 1963.

What it does is to bring to people who are displaced under your legislation the same benefits that those people would get if they were displaced under urban renewal action.

The text of the bill is before the committee. I have one suggested change in it which I could take up with counsel or cite here very briefly.

On page 2 of that bill, line 6, I would add language after the word "displacement," which will read "and other relocation adjustment payments," making it perfectly clear that all the benefits of section 114 of the Housing Act of 1949 would be available.

I will not relate what those benefits are because they are available to the committee. They are spelled out in the act and in my full statement.

I urge then that, as you consider amending the Higher Education Facilities Act, you take cognizance of this very real problem which exists in any area, whether it is a major city or a small town, where vacant land is not available and where a college or university acquires land in order to construct facilities under your act, and the result is the dislocation of people and businesses.

This is a very serious problem, and I think in all equity that individuals so affected ought to have at least the same benefits that they have under the urban renewal program.

I am glad to expand on this in any way the members of the committee desire.

(Congressman Ryan's statement referred to follows:)

STATEMENT OF HON. WILLIAM F. RYAN, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF NEW YORK

I am pleased to appear in support of H.R. 1248, which I introduced to guarantee relocation payments for persons and businesses displaced as a result of construction under the Higher Education Facilities Act.

Grants and loans have steadily increased since the inception of this program. In FY 1967, \$787,895,000 was allocated (\$537,053,000 in grants; \$200,842,000 in loans). I have been a firm supporter of Federal assistance for higher education facilities construction. But particularly in urban areas, where vacant land is not available, the expansion of college and university facilities often conflicts with other interests. My bill is intended to soften a side-effect of university expansion—the dislocation of families and businesses in the surrounding community. Institutional expansion in a city causes great personal hardship and expense to individual residents of the community, who are displaced from their homes. This is compounded when there is no relocation assistance.

A university's plan for expansion, however desirable from an educational standpoint, must be balanced against the displacement and inconvenience to residents of the community.

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Similarly, proprietors of small businesses are frequently displaced on short notice, and receive no compensation for the burden of having to relocate. If they are forced to move to another neighborhood, they will probably lose the goodwill of their familiar customers. They face moving expenses, higher rentals, or may be driven out of business entirely.

Where Federal funds finance the expansion of universities at the expense of tenants and businessmen, there should be Federal relocation guarantees. Ironically, there are guarantees when urban renewal funds are involved.

Section 114 of the Housing Act of 1949 requires local public agencies to pay benefits to families, businesses and non-profit organizations displaced as the result of urban renewal action. These benefits include moving expenses and relocation benefits. They are reimbursed by the Federal government. In the Housing and Urban Development Act of 1965 relocation provisions were expanded to include displacement as the result of low rent public housing, mass transportation, public facility loans, open space land and urban beautification, and neighborhood facilities, as well as urban renewal. It is inconsistent that relocation benefits are not required where displacement results from federally financed construction under the Higher Education Facilities Act. But there is another anomaly. If land for educational facilities is acquired through urban renewal and turned over to an institution, relocation benefits *are* provided.

This has happened in a minority of cases. The University of Chicago is one.

If on one block in a city, a university expands through the use of Federal urban renewal funds, the families and businesses displaced receive relocation compensation. But, if in the next block, which is not part of an urban renewal plan, the same university purchases buildings which it intends to demolish for the construction of classrooms using Federal grants or loans, families and businesses displaced are not compensated.

My bill would essentially extend the benefits of Section 114 of the Housing Act of 1949 relating to relocation payments to construction under the Higher Education Facilities Act of 1963. It provides:

"RELOCATION PAYMENTS

"SEC. 408. The Commissioner shall not approve any application for a grant or loan under this Act unless he shall have first obtained adequate and enforceable assurances that the institution, board, or agency to which such grant or loan is made will pay, to persons displaced from their places of residence or business by or as a result of the construction to be financed with the proceeds of such grant or loan, amounts covering the moving expenses and direct losses of property incurred by such persons as a result of such displacement within the same monetary limits and subject to the same conditions as those applicable to the relocation payments provided for under section 114 of the Housing Act of 1949."

Section 114, in summary provides that a family displaced from its residences shall receive assistance in finding suitable housing, and that a relocation adjustment benefit shall be paid to it for up to one year, totaling not more than \$500.00, where a family is unable to find suitable housing within twenty percent of its income. The payment works in the same way as the rent supplement program, except that it cannot total more than \$500.00, and it extends only one year. It is similarly available to single individuals over sixty-two years of age.

In the case of a small business or a non-profit organization meeting specified criteria, a "small business displacement benefit" of \$2500 and in addition, moving and property loss compensation up to \$3,000 are to be paid.

It is important to note that, in the case of urban renewal, relocation benefits paid in FY 1967 totaled \$37.5 million or 8.5 percent of a total program expenditure of \$370,600,000.

In order to ensure equitable treatment for persons displaced by construction under the Higher Education Facilities Act, I urge approval of H.R. 1248.

Mrs. GREEN. I am very, very sympathetic to this problem. I am keenly aware of it not because of college construction in my own district but because of highway construction where the renters, the businessmen who are renting property suffered losses as high as \$40,000.

Their business was done away with by a Federal program and because they were renting they received no adjustment costs or no benefits.

I think that something must be done about it. I am wondering, have you given any thought to legislation which would have the same kind of benefit for a person who is renting, whether it be because of highway dislocation or college construction or housing or some other Federal program?

Mr. RYAN. Yes, I think ultimately what is desirable is an overall relocation program which would cover any federally assisted construction, whether it is highways or hospital construction or education facilities construction.

However, we face the proposition that historically the Congress has acted in this area in terms of the particular piece of substantive legislation which was before a committee which was confronted with the side effects of the principal legislation.

For instance, in housing when the HHFA was confronted with the consequences of displacement of a large number of people through renewal action, then relocation benefits were written into the law and were expanded from year to year as the consequences became more apparent to the Federal housing authorities.

So in this situation, if we really want to bring about a result, it should be done by the committee which has jurisdiction over the particular kind of construction which results in displacement.

If we wait until Congress is prepared to consider a bill which will reach across the board, we are unlikely to see any results for many more years.

Mrs. GREEN. Are there any questions?

Mr. QUIE. Would this apply to both private and public institutions?

Mr. RYAN. This would apply in any case where a loan or a grant is made under your bill.

Mr. QUIE. It is only public institutions that have the right of eminent domain. That is, anybody can be moved out against his wishes.

Mr. RYAN. Oh, wait. The problem is more acute with a private institution which, although it may not have the right of condemnation, nevertheless, for all practical purposes, does exert similar power in a community.

If a university with large financial resources acquires an apartment building in a private transaction, the tenants in that apartment building are subject to being vacated immediately. Immediate eviction faces them. So they are in exactly the same position as individuals whose residences may have been acquired through public condemnation.

The effect on individuals is exactly the same.

Mr. QUIE. Can they be evicted before the termination of their lease?

Mr. RYAN. In New York City, practically no one has a lease any more. In rent controlled buildings, which are the usual obstacles to institutional expansion, people are statutory tenants. A university in New York City may evict a statutory tenant on 30 days' notice.

Mr. QUIE. With respect to the public institutions where there is only State money involved, has there been provision made for relocation of the tenants? Have the public institutions used this condemnation right?

Mr. RYAN. Where the State university acquires land by purchase or condemnation, I understand there is provision for moving expenses. Both public and private institutions in New York may use the State dormitory authority law for the purpose of constructing dormitories and faculty housing. In that situation there are no relocation benefits available.

Mr. QUIE. That is all.

Mrs. GREEN. Congressman Hathaway.

Mr. HATHAWAY. Just one question. Would you consider cost sharing since this is not all Federal money that is going into it?

Mr. RYAN. I have left open in my bill the question of how the relocation benefits are to be paid.

I would suggest that the Administrator could by regulation either include the cost of the relocation benefits in the loan or grant or require as a condition of a loan or grant that the institution itself put aside funds and give assurances that they would be spent for relocation benefits. A loan or grant could be conditioned on such assurances.

This is a question for counsel and the committee—how to effectuate this. The important point is that either as part of a loan or grant the cost of relocation be included or that, before the loan or grant is made, assurances be given by the institution that it has the funds from whatever source to make these payments and will make them.

Mr. HATHAWAY. Or on some kind of matching basis?

Mr. RYAN. Or on a matching basis. In other words, the issue I am raising is the plight of the displaced person who has no recourse, does not get assistance. And there is no legal requirement that he get assistance now.

Mr. GREEN. I know that you have not made any study of the cost of this but have any members of your staff made any study of what it would cost if this were done at Columbia University which I know is your primary concern at the moment?

Mr. RYAN. We looked at what the percentage was in terms of urban renewal. I don't think it would be as high in this case. In fiscal year 1967, relocation benefits amounted to about 8½ percent of the total urban renewal program in the country, a program of \$370,600,000.

It is going to vary with the locality, what the cost of housing is in the locality and the availability of housing.

Mrs. GREEN. Thank you very much, Mr. Ryan. This will be taken up by the committee.

I think we are faced with the equity which you pose to the person who is renting and has his business destroyed and who suffers a great loss personally.

We are also faced with the dilemma that grows out of the fact that construction facility funds are cut from \$450 to \$75 million for next year and how we balance one against the other.

Mr. RYAN. I think there is this problem; but at the same time if we are going to finance construction and the result of that construction is severe hardship and inconvenience to individuals, we also have to take that into account.

In one way or another, as Congressman Hathaway suggested, there

are ways of accomplishing this and insuring some measure of protection for displaced persons before approval of an application.

The procedure might be left to the judgment of the Administrator if he has flexibility, and if there is a university or college that does not have the funds, then the Administrator might take that into account. A more wealthy institution would be able to make its own financial arrangements in this regard, if required to do so in this legislation.

Sometimes legislators have to instill a conscience in universities.

Mrs. GREEN. Thank you very much.

Mr. RYAN. Thank you, Madam Chairman.

Mrs. GREEN. The next panel before the committee is a representative from National Conference of Executives of higher education loan programs: Kenneth R. Reeher, executive director of the Pennsylvania Higher Education Assistance Agency. He will be accompanied by several of the Federal liaison executives. Would you like your colleagues with you?

Mr. REEHER. If we may.

Mrs. GREEN. Mr. Lee Noel, vice chairman of the National Conference and program director of the Illinois State Scholarship Commission; Duffy Paul, executive director of the College Foundation, Inc., in North Carolina; Elwood Hollister, acting executive director, New York Higher Education Assistance Corp.; Richard Petrie, executive director, Louisiana Higher Education Assistance Commission; William Nester, assistant director, New Jersey Higher Education Assistance Corp., and Edward McCabe, Washington counsel, United Student Aid Funds, Inc., New York City, N.Y.

Mr. REEHER. Madam Chairman, Mr. Cosgrove, from Massachusetts, was omitted from the witness list but he is on our cover sheet.

Mrs. GREEN. Mr. Reeher, will you proceed in the manner you wish?

STATEMENT OF KENNETH R. REEHER, EXECUTIVE DIRECTOR OF THE PENNSYLVANIA HIGHER EDUCATION ASSISTANCE AGENCY, ACCOMPANIED BY LEE NOEL, VICE CHAIRMAN OF THE NATIONAL CONFERENCE AND PROGRAM DIRECTOR OF THE ILLINOIS STATE SCHOLARSHIP COMMISSION; DUFFY PAUL, EXECUTIVE DIRECTOR OF THE COLLEGE FOUNDATION, INC., IN NORTH CAROLINA; ELWOOD HOLLISTER, ACTING EXECUTIVE DIRECTOR, NEW YORK HIGHER EDUCATION ASSISTANCE CORP.; RICHARD PETRIE, EXECUTIVE DIRECTOR, LOUISIANA HIGHER EDUCATION ASSISTANCE COMMISSION; WILLIAM NESTER, ASSISTANT DIRECTOR, NEW JERSEY HIGHER EDUCATION ASSISTANCE AUTHORITY; JOSEPH COSGROVE, EXECUTIVE DIRECTOR, MASSACHUSETTS HIGHER EDUCATION ASSISTANCE CORP.; AND EDWARD McCABE, WASHINGTON COUNSEL, UNITED STUDENT AID FUNDS, INC., NEW YORK, N.Y., ON BEHALF OF THE NATIONAL CONFERENCE OF EXECUTIVES OF HIGHER EDUCATION LOAN PROGRAMS

Mr. REEHER. Mr. Marmaduke from California was scheduled to appear but is not here. I would also like to call the committee's attention to the fact that Mr. Evans, from Pennsylvania, Mr. Meeco from Connecticut, and Mr. McCabe from the United Student Aid Funds are in attendance and will be available to answer any questions.

Mrs. GREEN. Thank you.

Mr. REEHER. I would like to thank you for the invitation to appear. I would like first of all to ask that the written testimony as presented be placed in the record thereby permitting us to brief our testimony at this time.

Mrs. GREEN. Without any objection, that is so ordered.

Mr. REEHER. Thank you.

(The document deferred to follows:)

STATEMENT BY KENNETH R. REEHER, CHAIRMAN, NATIONAL CONFERENCE OF EXECUTIVES OF HIGHER EDUCATION LOAN PLANS

Mrs. Green, members of the Committee, my name is Kenneth R. Reeher. I am Chairman of the National Conference of Executives of Higher Education Loan Plans and Executive Director of the Pennsylvania Higher Education Assistance Agency, Towne House, Harrisburg, Pennsylvania.

Our Conference is an association on a voluntary basis of both state and private guaranty agency directors. All of our meetings, as well as our joint efforts outside of the basic employment we follow, are geared to the improvement of the student guaranty loan program. With me today are Lee Noel, Vice Chairman of the National Conference and Program Director of the Illinois State Scholarship Commission; Duffy Paul, Executive Director of the College Foundation, Inc. in North Carolina; Elwood Hollister, Acting Executive Director, New York Higher Education Assistance Corporation; Richard Petrie, Executive Director, Louisiana Higher Education Assistance Commission; William Nester, Assistant Director, New Jersey Higher Education Assistance Authority; Joseph Cosgrove, Executive Director, Massachusetts Higher Education Assistance Corporation; and Edward McCabe, Washington Counsel, United Student Aid Funds, Inc., New York City, New York.

We appreciate the opportunity extended to the National Conference of Higher Education Loan Plans to support H.R. 15067 which contains amendments to, and extension of, the Higher Education and Vocational Education Acts. The time schedule for consideration, enactment and implementation of amendments to the guaranty loan law is now critical. Throughout the Nation, high school graduates are in the process of applying for or being accepted by colleges for entrance in the fall. Thousands of these students are planning upon guaranteed loans to assist them to meet the expenses of these courses. Congress must act now if these students are to be able to include a guaranty loan as part of the aid program they must possess if they are to accept the admissions offer tendered by the colleges and non-degree schools. Students must know that the guaranty loan provisions are still available, the aid officer must have knowledge that it can be considered in the construction of the student's "aid package", and the lenders must have definition of both program and administrative requirements so that they may properly determine their continued participation. It is extremely doubtful that the participating lenders who advanced \$499,387,000, covering 609,911 loans from July 1, 1966 through October 31, 1967 will expand their portfolio of student loans to meet the need for second semester loans and renewals for the fall of 1968 without enactment of certain proposals which have been before the Congress since July, 1967.

The number one issue in the success of the guaranty loan program is adequate income for the lenders. Proper return is necessary to assure their subsequent participation at a level which will afford students a guaranty loan whether it is guaranteed through a state or private guaranty agency, a program of federal certificates of insurance, or from a guaranty fund consisting of both state reserve funds and federal insurance certificates through the reinsurance proposal. Although most of the leadership for enactment of the guaranty loan program came from the American Bankers Association, the current "tight money" situation makes it unrealistic to assume that lenders will devote any sizable portion of their investment portfolio in these student loans at 6% simple interest. They are up to 15-year loans, advanced in units of \$1000. Lenders can receive the same earning rate through large size investments of short term nature, thereby giving the lender the advantage of any improvement in interest rates and a substantial reduction in the administrative burden necessary to manage the investment portfolio. The proposal of the Administration to improve the return to the lender and lender participation through the establishment of a federally

financed placement and consolidation fee payable to lenders is fully endorsed by our Conference. These fees should be on a sliding scale with the rate to be established by the Commissioner so as to continuously make loans advanced under the guaranty loan program competitive with the other investments available to participating lenders. All loans guaranteed under federal guidelines should be eligible for the lender fees so lenders will not be required to segregate eligible and ineligible loans in the bank records. This fee should be payable directly to the lender and not "on behalf of the student", although in certain states it may be routed through the state agency. Payments on behalf of the student borrower may be interpreted in some states as being in violation of usury laws and will then fail to encourage lender participation in those particular states. The lender placement and conversion fees should cover all loans disbursed or converted on or after June 1, 1967. Many lenders have given program support during the 1967-68 school year in anticipation of these fees and failure to provide the expected return could sharply curtail lender participation in 1968-69 regardless of the further payment of fees. The value of lender fees is illustrated by Georgia which enrolled 42 new "participating" lenders since they implemented their 1% fee to lenders in July, 1967.

The second most critical problem facing success of the guaranty loan program is the maintenance of a strong agency designated at the state level to enroll and service lenders, to administer the guaranty function, to disseminate program information to potential student borrowers and to enlist and coordinate the participation of state governments in this and associated programs of financial aid to students. It is extremely critical as the credit of the country tightens that each state have a strong state agency with its basic objective the enlistment of sufficient lenders which will participate at the level required to provide a guaranteed loan for each student who is willing to encumber his future earnings to secure an education.

The National Conference recognizes that in some situations, lack of reserve funding makes necessary the extension of the direct federal insurance program on a temporary basis. However, we see little evidence that the extension as proposed will result in the attainment of strong state programs. It should be obvious that the "standby" status of the direct federal insurance program during 1966 and 1967 said to state legislators that "if you do not legislate a program, the federal government will finance one in your state". The availability of such a program has slowed the formation of new state programs and seriously hampers the continued existence of the state programs which existed when the federal-state guaranty loan partnership came into existence in late 1965.

During fiscal year 1967, the first full year of operation of the guaranteed loan program, more than 60% of the money advanced under the program came from New York, Pennsylvania, New Jersey, Illinois, Connecticut, Massachusetts and Texas. These states, with the exception of Illinois, had state agencies prior to the establishment of the federal program; during fiscal 1968, in the period July-October, 1967 these states exceeded their entire volume for the previous 12 months but continued to carry 60% of the new money advanced under the program.

Our Conference, except for USAF, Inc., strongly recommends the reinsurance proposal as a method to establish a strong permanent state or private agency in each state. However, care must be taken to reinsure all loans disbursed after October 22, 1965 under the Vocational Act and after November 8, 1965 under the Higher Education Act. We are concerned that the wording of the proposed amendment may exclude those loans granted subsequent to the effective date of the act and prior to the effective date of the referenced agreements. The plan should also reinsure all eligible loans without regard to eligibility for interest subsidy. We would suggest deletion of "which meet the conditions of Section 423 E(5) of H.R. 15067," all of line 11, and line 12 through the comma. Under reinsurance, an interim agreement is necessitated by the fact that several states have constitutional barriers and many states will have to enact legislation appropriating loan reserves under the reinsurance or coinsurance program. In those cases where states have provided no funds, multiplying nothing by four still equals nothing. State and private guarantee agencies will in most cases find it necessary to execute new agreements with each of their lenders because most guarantor-lender agreements call for reserve funds rather than possession of federal certificates of insurance to be maintained by the guarantor.

It should be clearly understood that a strong permanent type of program is being established so that existing and new lenders will know precisely what type of program they are going to participate in when they execute an agreement to grant student loans.

The "standby" federal program has slowed lender participation in many of the states which were confronted with possible early implementation of the federal program. Lenders have expressed a reluctance to negotiate loans under two different types of student loan programs. For example, in certain states a student could have a 5% simple interest loan guaranteed by the state prior to November 8, 1965 and not subject to interest subsidy, both a 5% and 6% loan guaranteed by the state since November 8, 1965 and subject to federal interest subsidy, and a 6% loan guaranteed by a federal certificate of insurance subsequent to the consumption of state reserves and federal advance money. If and when states in the direct federal insurance program return to the guaranty loan business, their lenders must know that they participate in a permanent program which will continue to function through the state agency. Federal advance funds for state reserves must be appropriated to assure that additional states are not temporarily drawn into the direct federal insurance program prior to implementation of the reinsurance proposal. Additional lenders must not be required to become temporarily involved in the federal program in order to afford student access to the program for the second semester of 1967-68 or 1968-69. There have been 17 states drawn into the federal program under the Higher Education Act and 7 under the Vocational Act. The extension of federal activities such as this hamper both lender and state participation.

The Conference which we represent strongly endorses the balance of the Administration's proposed amendments subject to the condition that implementation of the direct federal insurance program, even on a temporary basis, should be implemented through the existing state designated agencies and should be operated in the same manner as the existing state or private non-profit program.

We feel that many steps have been taken administratively for coordination and cooperation. Last year, as a result of meetings with the Office of Education, directors of state plans and the American Bankers Association, most of us were able to reduce the paper work involved in handling student loans. The following changes are suggested to encourage further lender participation:

1. Amendments must not create additional categories of borrowers to be maintained within the lender's accounts. For example, provisions to provide adequate deferment for military service, VISTA and so forth should cover all loans under the programs and not establish some arbitrary effective date such as July 1, 1967 which will create additional eligible versus non-eligible loans in the interest subsidy program. Why exclude servicemen who entered the service between November 8, 1965 and July 1, 1967?

2. Failure to make the loans program competitive through these recommended changes may require the development of a "secondary market" for student loans to provide turnover of lender investments as a possible means of enlisting continued lender participation. This would prevent continued expansion of student loans within the lender's portfolio.

3. The grace period should be reduced from 9 to 6 months and the student should be required to negotiate a repayment schedule within 90 days after leaving school to become effective at the end of the grace period.

In addition, the following amendments will assist to encourage and develop strong state designated agencies:

1. The federal advance funds ("seed money") should be designated as a grant to the states rather than as an advance which is to be returned to the U.S. Commissioner at some future date "in light of the solvency of the reserve fund". Present procedures discriminate against those states which exhibit state initiative. For example, in New York where the legislature has made firm and extensive commitments to the reserve fund, the full federal advance will one day be returned to the federal government if defaults are less than 10 percent. On the other hand, the federal advance in Colorado will be used to finance defaults and if they run to 10 percent there will be no return of funds to the federal government, a real reward for the inactive state.

2. The costs of the guaranty loan program should be shared by the state and federal governments in proportion to the ends to which the program meets both state and federal educational objectives. It would, therefore, seem in order that the federal government should pay a more proportionate share of the administrative costs if strong state agencies are to be developed by the state legislatures.

This is extremely critical with implementation of the reinsurance provisions which call for certificates of insurance rather than federal advance funds. The reinsurance proposal will assist the loan program to experience the growth explosion that we all have anticipated. Congress should be aware that the very costly provisions of the program such as lender enrollment, dissemination of program information, loan application and program regulation distribution, and pursuit and collection of defaults are carried on by the state agency. Plans for the states to carry the full administrative costs do not seem in order. Currently the state programs may use the earnings from federal advance funds to partially defray costs of administration. Under the reinsurance program advance funds will at best experience a "controlled" growth. With a reduction of federal advance funds comes a reduction of earnings from investment of such funds. Financial support of the administrative costs of a program expanded principally on federal guidelines is not properly placed on the state legislatures.

3. The integrity of the program and the reserve capacity of the state designated agency should be protected by inclusion in the Act of a determination whether the applicant has a need for loan funds to meet the costs associated with enrollment in an educational program. The officer at the institution of higher learning who is administering other programs of financial aid should be permitted to make a recommendation to the lender whether the loan is needed to meet costs associated with the educational program. Computation of "financial need", as historically applied should not be the criteria. Final determination of the size of the loan should continue to be established by the lending institution and guarantor should be permitted to determine whether to guarantee a loan and to establish the amount of the guarantee it is willing to underwrite.

4. The states, not necessarily the state designated agency, should have more jurisdiction in the determination of approved schools. Many states have developed strong, stable and experienced state departments in the area of the licensure of non-degree schools and in the approval of licensure of degree granting institutions. Jurisdiction should be vested in the state department wherever possible so as to assure the maximum coverage of eligible students in the guaranty loan program. For example, the Commonwealth of Pennsylvania prepares 10.5 percent of the registered nurses in the United States and has 95 diploma hospital schools of nursing approved by the State Board of Examiners. Only 72 of these programs have been approved by the National League for Nursing, the national agency designated by the U.S. Commissioner for approval of nursing programs. It would seem that the success over the years of graduates of the state approved programs and the caliber of standards required for a state license should merit approval of all such licensed schools. In the program cited, it could be assumed that approximately 25 percent of students enrolled in such programs are being denied access to the state guaranty loan program and possible subsequent interest subsidy. This, of course, is true in all other states except the one which enjoys approved status. Examination of state procedures for approval of schools should be conducted on a state by state basis and approval of state accreditation should be granted in those states where quality exists.

At the institution of higher learning level several changes will facilitate the function of the financial aid officer and permit the guaranty loan program to be handled in a fashion which will be more compatible with other programs of aid to students financed by the institutions, private enterprises, state legislatures and the federal government.

The operations at the institution of higher learning level would be improved by:

1. Determination of financial need for educational loan funds, as previously reviewed in this paper, should be authorized to be performed by the financial aid officer. The aid officer must be free to counsel those students who are often incurring loans for the first time.

2. The features of all federal student loan programs should be compatible so that the financial aid officer may utilize any loan program without day-to-day analysis of its various features. The variations such as grace periods and deferment for military and similar types of service must be standardized in the various loan programs.

3. Confirmation of student status on all accounts of all student loans should be performed by the Office of Education to reduce both school and lender paper work.

4. Authorization should be given to allow use of all guaranty loans as part of the matching requirement in the Educational Opportunity Grant Program. The National Defense Student Loan Program and the "college contribution" phase of the guaranty loan program administered by the United Student Aid Funds, Inc. are now used to satisfy the matching requirement. The College Work-Study Program is not eligible for EOG matching and should be declared eligible along with the state guaranteed loan program. The fact that these programs are not eligible for EOG matching complicates the financial aid packaging at the collegiate level and quite often deters the development of other programs of financial assistance for students. Cases can be cited where demands on the National Defense Student Loan Program have been increased because schools could not use the guaranty program for matching.

I want to thank you, Madam Chairman, and members of the Committee for this opportunity to present the views of our Conference. Any of the state directors present will be glad to answer your specific questions relating to their experience in administering the program in their state.

Mr. REEHER. The time schedule for consideration, enactment, and implementation of amendments to the guaranteed loan law is now critical.

Students are currently receiving admission offers from colleges and nondegree schools. Students must know that the guarantee loan provisions are still available. The aid officer must have knowledge that it can be considered in the construction of the student aid package and lenders must have definition of both program and administrative requirement so that they may properly determine their continued participation.

The No. 1 issue in the success of the guaranteed loan program is adequate income for lenders. Proper return is necessary to insure their subsequent participation at a level which will afford students a guaranteed loan. Although most the public leadership for enactment of the guaranteed loan program came from the American Bankers Association, the current tight money situation makes it unrealistic to assume that lenders will devote any sizable portion of their investment portfolio for student loans at 6 percent interest.

Lenders can receive about the same earning rate through large investment of short-term nature thereby giving the lender the advantage of any improvement in interest rates and a substantial reduction in the administrative burden necessary to manage their investment portfolio.

The proposals of the administration to improve the return to the lender and lender participation through the establishment of federally financed placement and consolidation fees payable to the lender is fully indorsed by our conference.

We have landed on this particular recommendation because it is the one in which all parties involved could agree upon. All loans guaranteed under the Federal guideline should be eligible for lender fees so lenders will not be required to segregate eligible and ineligible loans in the bank records.

Madam Chairman, I have a folder here that I would like to present following our testimony and it contains some correspondence that sets forth some of the problems that lenders have expressed as far as a return and the administrative procedures are concerned in the program.

The second most critical problem facing the success of the guaranteed loan program is the maintenance of a strong agency designated at the

State level to enroll and service lenders, to administer the guarantee function, to disseminate program information to potential student borrowers and to enlist and coordinate the participation of state governments in this and associated programs of financial aid to students.

Once again, in the material that I will leave with you, we have letters from students and so forth that cite some of the problems that are encountered by students trying to participate in the program.

It is extremely critical that each State have a strong agency with its basic object of enlistment of sufficient lenders that will participate at the level required to provide a guaranteed loan for each student who is willing to encumber his future earnings to secure an education.

I have included in this portfolio a summary of the Pennsylvania program which shows that over 50 percent of the lenders that are under agreement with our agency have less than 10 student loans.

Many of them do not have any. So it is one thing to enroll a lender, it is a day-by-day process to keep them participating.

The national conference recognizes that in some situations lack of reserve funding makes necessary the extension of the direct Federal insurance program on a temporary basis. However, we see little evidence that the extension as proposed will result in the attainment of strong State programs.

It should be obvious that the standby status of the direct Federal insurance program during 1966 and 1967 said to the State legislators that if you do not legislate a program the Federal Government will finance one in your State.

The availability of such a program has slowed the formation of new State programs and seriously hampers the continued existence of State programs which existed when the Federal-State guaranteed loan partnership came into existence in late 1965.

Our conference, except for United Student Aid Funds, Inc., which operates 28 programs, strongly recommends the reinsurance proposal as a method to establish a permanent State or private agency in each State.

However, care must be taken to reinsure all loans disbursed after October 22, 1965, under the Vocational Act, and the effective date under the Higher Education Act.

We are concerned that the wording of the proposed amendment may include those loans granted subsequent to the effective date of the act and prior to the effective date of the referenced agreements.

Under reinsurance an interim agreement is necessitated by the fact that several States have constitutional barriers and many States will have to enact legislation appropriating loan reserves under the reinsurance or coinsurance program.

State and private guarantee agencies will in most cases find it necessary to execute new agreements with each of their lenders because most guarantor lender agreements call for reserve funds rather than the possession of Federal certificates of insurance to be named by the guarantor.

We are saying here that we will need some leadtime to move into the reinsurance proposal. It should at this time be clearly understood that a strong permanent type of program is being established so that existing and new lenders will know precisely what type of program

they are going to participate in when they execute an agreement to grant student loans.

The standby Federal program has slowed lender participation in many States which were confronted with the possible early implementation of a Federal program. Lenders have expressed their reluctance to negotiate loans under two different types of student loan programs.

For example, in certain States a student could have a 5 percent simple interest loan guaranteed by the State prior to November 8, 1965, and not subject to interest subsidy, both a 5 and 6 percent loan guaranteed by the State since November 8, 1965, and subject to Federal interest subsidy, and a 6 percent loan guaranteed by a Federal certificate of insurance subsequent to the consumption of State reserves and Federal advance money.

If and when States in a direct Federal insurance program return to the guaranteed loan business their lenders must know that they participate in a permanent program which will continue to function through the State-designated agency.

Federal advance funds for State reserves must be appropriated to assure that additional States are not temporarily drawn into direct Federal insurance programs prior to the implementation of the reinsurance proposal.

Additional lenders must not be required to become temporarily involved in a Federal program in order to afford student access to the program for 1968-69.

There have been as of today, 19 States drawn into the Federal program under the Higher Education Act. The extension of Federal activities such as this hamper both lender and student participation.

The conference which we represent strongly endorses the balance of the administration's proposed amendments subject to the condition that implementation of the direct Federal insurance program even on a temporary basis should be implemented through the existing State-designated agency.

We feel that many steps have been taken administratively for coordination and cooperation. Last year, as a result of meeting with the Office of Education, the directors that are before you serving as a liaison committee, and the American Bankers Association, most of us were able to reduce the paperwork involved in handling student loans.

We realize there is still a lot of work to be done in this area. Failure to make the loan program competitive through these recommended changes may require the development of a secondary market for student loans to provide turnover of lender investments as a possible means of enlisting continued lender part-participation.

This would prevent continued expansion of the student loan section within the lender's portfolio.

The Federal advance funds commonly referred to as seed money should be designated as a grant to the States rather than as an advance which is to be returned to the U.S. Commissioner at some future date in light of the solvency of the reserve fund.

Present procedures discriminate against those States which exhibit State initiative. For example, in New York where the legislature has made firm and extensive commitments to the reserve fund, the full

Federal advance will one day be returned to the Federal Government if defaults are less than 10 percent.

On the other hand, the Federal advance in Colorado will be used to finance defaults and if they are under 10 percent there will be no return of funds to the Federal Government.

This we feel is a real reward for the State which is inactive.

The integrity of the program and the reserve capacity of the State-designated agency should be protected by the inclusion in the act of a determination whether or not the applicant has a need for loan funds to meet the costs associated with enrollment in an educational program.

We share this with Mr. Purdy's group and we feel that it cannot be a traditional need criteria in that there is need, we feel, in some cases, in the above \$15,000 level while in other cases below the \$15,000 level there may very well not be need.

Final determination of the size of the loan should continue to be established by the lending institution and the guarantor should be permitted to determine whether to guarantee a loan and to establish the amount of the guarantee that he is willing to underwrite.

Madam Chairman, that concludes my summary of our formal testimony. I thought that possibly the chairman and members of the committee would welcome the opportunity to question the number of representatives that we have here from our organization since we feel that the program does function differently in different States.

Mrs. GREEN. Thank you very much, Mr. Reeher. Have you people turned your attention to the kind of needs test that you would put into this program?

Mr. REEHER. We discussed this at some length but we feel that the financial aid officer would perform this function and might properly make this determination.

Our position is that the total resources of the student should not exceed what it takes him to go to school. Beyond that we feel that should be trimmed down by the financial aid officer, the details of it.

Mrs. GREEN. Are you suggesting in the legislation we should be silent on the need test except to say that each university should require some evidence of need before that student is recommended for a guaranteed student loan?

Mr. REEHER. I would not personally attempt to word the legislation but what we are interested in is that a student is able to receive whatever money he needs to go to school, even independent of his parents' wishes, possibly, since it is going to be on the student's signature, but that neither he nor his parents should be able to make money because the loan is subsidized.

If they need the money for educational purposes, any costs associated with his attending school, be it travel, justified spending money, his tuition fees, books, room and board, and so forth, that should be there; if he is willing to encumber his future earnings it should be available, but it should not be something that encourages parents to borrow under the program for the interest subsidy and not to be used for educational costs.

Maybe someone wants to elaborate a little more on that.

Mr. PETRIE. I strongly recommend that the student aid officer be given the opportunity to make a recommendation and counsel with

the student. We know that some students go to school and they are advised to ask for a thousand dollars or \$1,500 and with the counseling of the student aid officer saying, "Well, do you really need this? What will it take you to go to school?" and the student aid officer could make a recommendation, not a limitation but a recommendation with the understanding that this recommendation can be considered by the lender to either increase that or if the lender has information, then in his own right he might reduce the amount because he may have financial information available to the lender as a banker which is not available to the student aid officer or the student didn't mention anything like that.

I would certainly, strongly suggest that the student aid officer be given the authority to make a recommendation, not necessarily a limitation.

Mr. NOEL. Realizing it is a massive program it seems to me it needs to have a fairly tight guideline. While as a group we oppose the traditional need assessment of parents, it seems to me there might be some middle ground of possible self-help concept meaning that a student could borrow a certain percentage of his unmet cost, taking his college expenses, and subtracting his scholarship and then whatever is remaining he could borrow, let us say for practical purposes, two-thirds of that. Meaning, if the student has a \$1,500 college budget, maybe we should not permit him to borrow \$1,500 but restrict it to two-thirds of this in which case it would be a thousand dollars.

It would be the self-help concept.

Mrs. GREEN. Mr. Purdy, will you comment on this needs test, the involvement of the student financial aid officer?

Mr. PURDY. I hardly know where to start on this. We as financial aid people are traditionally geared to loaning money where it is needed.

We have seen the bank loan program we think use money where it probably was not needed or not needed very much. We would be concerned if it continues to be a program in which it might siphon off large sums of money where there was no needs test; one way of holding the program within bounds would be to have a needs test at least on loans which receive Government subsidy in the form of interest payment.

Now I think Mr. Reeher's comments here saying not the traditional needs test, I believe most financial aid people if we are going to have a needs test would have one way of doing it but then make a different decision after we get the need.

In other words, I don't really think we need to go out and develop something we don't have, I think we have everything we need in knowing how to go about this in determining whether a student has need.

But then if we wanted to, as Lee Noel has said, be different in the recommendation that we have made, I think that could be done on the basis of the needs test we already have.

So we have almost got to say, what is the philosophical purpose of the loan?

Is it to help those who need help and, if so, we are prepared to make the needs test and recommend the amount of loan. If it is a loan of convenience, then it might be that the student should pay his own interest.

If we cannot determine that he really needs the loan, then I expect we would rather stay out of the picture because we are, I think, professionally committed to help the student who needs help.

If it is a loan of convenience, then we would hope that not too much Government money would be siphoned off for that type of loan.

I may not have answered your question. I will be glad to clarify it.

Mrs. GREEN. We were given an example the other day of a person who qualified for a guaranteed student loan program and he used it to exchange his 1968 Firebird for a 1969 model.

Mr. PURDY. This can be done under the current arrangements.

Mrs. GREEN. Now the part that troubles me is that when I talk to student financial aid officers who say the student financial aid officer should be involved in the guaranteed student loan program and in the recommendation and there should be some need but we don't want a needs test, I just don't understand really what you are saying.

Mr. REEHHER. Madam Chairman, if I might comment on that, I think Mr. Purdy's point is correct that we are not trying to go out in left field and come up with some new way of determining need.

The procedure would be the same but maybe what we used to call a strike would no longer be called a strike.

Currently, the financial aid concept starts with a determination of how much assistance can be expected from the parents from the current income and from the net assets regardless of whether or not those parents have planned on this student going to college.

So, in many cases a student arrives at college and there has been no parental planning and in the past if the student had to come up with a parental contribution and there was not any planning, the parents were expected to borrow on their own signature.

One thing that we are saying in this needs test, the idea would be that the student could borrow to put in the parents contribution to the aid package. This is dangerous, we know.

I sat in a meeting in New York where they were talking about a quarter of a billion dollars in aid to students on a loan program without any real concern of what it does to the student when he graduates and he has this indebtedness.

I should not cite New York because we have this in all of these programs where the bill is going on the student's signature.

There is this problem of transferring the burden from the parents to the student. But if you are going to have student loans on student signatures then we are saying he could possibly finance what is normally expected from the parents.

Mrs. GREEN. Would you gentlemen knock out the interest subsidy after graduation?

Mr. REEHHER. We looked at this problem. When we looked at it we also looked at the lender return.

We, I think, almost unanimously lean toward knocking it out during the repayment period. We did not take a stand on that because we felt that we would take the stand that the lender fees could finance the paperwork involved if the fee were proper and since Congress had enacted that benefit to the student that we would take the more positive approach toward the fees.

I think individually we agree with the idea that elimination of the fees would solve a lot of paperwork and encourage lender participation. Incidentally, there is some correspondence from a few of the lenders that points that out in this portfolio.

Mrs. GREEN. If we go, and I suspect we will, toward an involvement of the student financial aid officer at the college in making the recommendation, have you given consideration to what kind of reimbursement should be made to the college or university if we are going to allow the banks to make money, at the same time require the colleges to lose money?

Mr. REEHER. We do not have that in our position paper. We talk about the burden. We know this and the State scholarship programs, EOG, and so forth, have caused a real shortage of financial aid people, which causes the price of them to go up for the institutions, plus the volume of the programs.

We personally felt that that is secondary to such things as a strong State agency, proper lender participation and maybe that should come from organizations such as the American Council on Education, the National Financial Aid Officers Group.

So we did not include it in our position although we are aware that that is a critical problem.

Mrs. GREEN. May I ask Dr. Sanders to comment on these last three points?

Will you identify yourself?

STATEMENT OF EDWARD SANDERS, COLLEGE ENTRANCE EXAMINATION BOARD

Mr. SANDERS. Edward Sanders, of college entrance examination board. For 15 years colleges and universities have been trying to develop procedures for originally awarding their own money equitably and wisely as possible.

We now, I think, are able to achieve more precision, more equity, by several different systems of needs analysis than we could have earlier.

If the act asks college financial aid officers to speak to the need of prospective borrowers, I think they have the instruments for doing this.

If on the other hand you ask them to speak to the need without a needs assessment or to speak the need casually, so to speak, I think this contradicts the whole direction of our effort to use our funds wisely.

So I would feel puzzled to know how we could do this, we could express the need without the kind of needs assessment we are accustomed to making.

I think the group can do this if it is required.

Mrs. GREEN. What about interest subsidy? I believe you recommend that the interest subsidy be knocked out.

Mr. SANDERS. Mr. Pappert is here. I would prefer he speak to that point.

Mrs. GREEN. What is your feeling, Dr. Sanders? You are an expert in this area.

Mr. SANDERS. I don't quite know where to start. This seems to me to depend on the purpose of the legislation. If the legislation is to give a considerable amount of aid to a considerable number of people, then I think you could make a case for the needs subsidy.

I think in the original administration bill actually there was virtually no subsidy provided. I think at this point this is an opinion matter on which I would not value my own judgment very much.

Mrs. GREEN. We disagree. We would.

Mr. SANDERS. If you use the loan based on a rather sharp definition of need and if you continue NDEA, I would think then there should be a needs interest subsidy on this program also, if the needs assessment test is very liberal. That is, if you go much higher than the income level, then I think the need for the subsidy is fairly small. I would find it very difficult to defend it.

Mrs. GREEN. In your judgment, if the interest subsidy after graduation were knocked out, do you think it would reduce the temptation to borrow money and make money?

Mr. SANDERS. Let me say I would favor the interest subsidy during the period of college years. Obviously, most students have no way to produce revenue at that point. It is almost deceptive, it seems to me, to make loans and require the immediate payment of interest.

I think without any question the pressure to take loans that are not absolutely necessary would be reduced if there were no interest subsidy after graduation.

Mrs. GREEN. Dr. Kirkpatrick, would you comment on these points and may I say to you we are going to look forward to this document that you have just had published with a great deal of interest.

I am sure it will be very helpful to us.

STATEMENT OF JOHN I. KIRKPATRICK, COLLEGE ENTRANCE EXAMINATION BOARDS

Mr. KIRKPATRICK. John I. Kirkpatrick, College Entrance Examination Boards.

May I talk for just a half moment on the second point about the removal of interest subsidy during the payout period. Because the study attempts to speak for quite a few groups, not only the colleges and universities, even the bankers and State agencies and the others that are all involved, I had to say this on the subject.

If the staff hazarded an opinion it would be something more than a simple majority of all the groups would not object to the removal of the interest subsidy during the payout period.

However, there was not a sufficiently strong case made to warrant recommending the removal of the subsidy. The discussion is offered here for possible further examination in the future and we show the three or four reasons why the interest subsidy might be eliminated in the payout period.

But we had to straddle the fence on this because we were trying to speak for a half dozen different kinds of groups throughout the country.

I personally came out of the whole study feeling that the elimination of the interest subsidy during the payout period would be a good thing

and that this also would carry through for all six Federal loan programs, including the national defense.

On the matter of the financial needs test, I have got to explain that as we view the guaranteed loan program as it exists now, it is really taking care of two kinds of loans, one with Federal subsidy of interest, that is your under \$15,000 adjusted gross income, and then the loans to those above \$15,000 without interest subsidy, we think that because the national defense loan apparently will not ever be able to reach the real needs, the real levels needed by the colleges and universities, that a guaranteed loan program, the loan of necessity, part of that has to be there as a very, very valuable supplement to the national defense loan program and the study urges that in every way possible that part of the guaranteed loan program that we define as a loan of necessity be made similar to the national defense loan program as possible and hence just as you have asked the colleges and universities to use their judgment of need on the national defense and on EOG and on college work-study, we would plead that the loan of necessity under the guaranteed loan program be given the same treatment.

The loan of accommodation is for those parents who cannot or will not meet their parental contribution. This we would suggest handling as a loan to the parent, not to the student, have it be guaranteed, no Federal subsidy.

It could be through direct Federal insurance path and let it be at the market rate.

That would still be favorable with the Federal guarantee just as your FHA loan is a favorable rate.

The Federal guarantee permits bringing the interest rate down to a more attractive level. So there are parents who want the 10 and the 12 and the 15 years in which to pay off indebtedness and provide a loan of accommodation for them. But at the moment, \$15,000 dividing line in the present legislation, which is really \$20,000 gross income for a man with three children, is such an artificial line that there are so many, many thousands of parents and students who do not need financial aid and the colleges and universities would determine that they should not be entitled to this Federal subsidy.

But go beyond this and set up a loan of accommodation for those parents that you want to help and give them everything except the Federal subsidy.

Mrs. GREEN. Congressman Quie?

Mr. QUIE. I have no questions.

Mrs. GREEN. Are there any other comments from the members of the panel?

Mr. Hathaway has asked me to ask the members of the panel on what basis do you approve of the placement and conversion fees?

Is it on your own research or on what other—

Mr. REEHER. I think, Madam Chairman, it may be a combination of these. In this portfolio that I am going to leave with you, I have extracted from our own State files a number of letters from students. This really, to our way of thinking, tells the story. It really is not so much a matter of whether or not the lenders are making money. It is a matter of whether or not they are willing to put money into this loan program with the money they are making in this program.

We have every day large numbers of students throughout the country—I know we have it in Pennsylvania, and I know from talking with the other people involved—students go to three, four, five, six banks and cannot get loans. Their portfolio is filled, they have reached their quota. Maybe they are just making loans on a renewal basis, because they feel they must restrict the volume of 6 percent simple interest loans that they make.

In some cases, it is paperwork. But there is wide evidence of inconvenience and unavailability on the part of the students.

We think this is even more important than many of the surveys that are made of the lenders. When the student goes in they just aren't always able to get a loan. Maybe some of the other panelists can comment on that.

Mr. NOEL. Perhaps I am impressed by the harassing I get on the phone daily from lenders that are complaining. Equally impressive is the harassing that takes place with the uninterested, non-self-serving group and that is our colleges that Mr. Purdy pointed out, that daily they are confronted with students who cannot obtain loans because we don't have full lender participation.

I also came across last week a questionnaire circulated last July—July 1967—by the Association of Reserve City Bankers which includes about 150 of the largest banks in the country and this questionnaire was sent to their student loan officers, sent out to 152. Ninety-five replied. Of the 95 who replied, only 73 are participating in the guaranteed loan program.

Now perhaps some other bit of evidence to add to the results of their questionnaire is that they were asked: What is the most crucial or how can the guaranteed loan be improved, and 63 pointed to yield and 39—this is a multiple-response kind of question—and 39 referred to paperwork and primarily the item there is the split billing of interest during the repayment period.

Granted the fact that lenders would like to have greater return, the fact that 63 said they wanted greater yield is probably not as impressive as the fact that of the 73 participating, 53 required that the parent or the borrower have an account relationship with that bank.

Mrs. GREEN. Say that again. Out of how many?

Mr. NOEL. Out of the 73 that responded, "and are participating," 53 indicated they had a limitation, in other words, they would only make loans to students who had an account or whose parents had an account at that bank. Fifty-three out of 73 have that limitation.

Mr. REEHER. This is almost universal.

Mrs. GREEN. This is true in every case.

Mr. NOEL. This is very true in Illinois for all size banks.

Mr. COSGROVE. Having been in the Massachusetts loan program for some 12 years, we have a history of the loaning of the various banks in our program.

We can definitely show that in the last 2 years since the loans have expanded so much, that various banks have cut down the percentage of loans in their lending portfolio. If you go into it a little deeper you will find that the reason they have cut down is the yield on the loans.

If we could have these conversion fees which would go into the pot of the yield, I am very confident that these same banks in Massachu-

setts that have cut down their percentage of lending funds would immediately increase the percentage of loaning funds which would make the availability of funds at the source much greater which we feel is the crux of the whole program.

Mr. NESTOR. Madam Chairman, the experience there has been that in the words of the lender when I have to appear before our board and defend our loan portfolio in terms of profit and loss, it becomes rather embarrassing.

When I have to lighten the load in terms of the nonprofit types of business venture, this is one area that I can reduce.

Now this has been expressed by a number of lenders at the present time.

Let us remember that some of them do not have too heavy a portfolio perhaps this year but they are building it in New Jersey very rapidly.

We can see almost as they tend to build their portfolios they begin to place restrictions, as has already been pointed out, on those to whom they will make the loans, that they must have an account with them and indeed in a couple of instances they must reside in the immediate area or even attend the local high school.

This has caused some serious problems throughout New Jersey. In one county a student can't get a loan. In other counties the situations are very tight. I must say, however, that I do not feel that this matter of the fee business would be argued as strongly by all lenders.

I think there is some difference of opinion among the lenders. I think there are some lenders in the program who are in it because they believe in the program, in the necessity for providing some assistance to the kinds of students that are getting these loans, in all honesty will stick with the program.

Mrs. GREEN. Accepting what you have just said, you say they are in it because they want to help these kinds of students to get loans to go to colleges, I find that is a bit of conflict that they require the parents to have a bank account there.

Mr. NESTOR. Excuse me, I say some are in it this way.

What I tried to do is to point out that there is a difference. In other words, simply to say that by increasing the fee to the lender is not going to solve the problem, this is a problem with a great many lenders but there are other problems involved, too.

Mr. HOLLISTER. We happen to have more outstanding than other States do. I believe if we could identify, on this reserve city formula there was a large group of reserve city banks which were not restricting loans to children whose parents had accounts there.

I do know in the State of New York, at the moment, of only three commercial banks which so far has a restriction. The largest lenders we have in Metropolitan New York are not making such a restriction but they are constantly calling my office and asking the question, "Has anything happened on this fee part?"

I think they are getting quite critical now, wondering what they are going to do for this next academic year. I would expect in our particular State we have had more restrictions come in than we have had in the past. Unless some better return is provided for the lenders, I think they would continue with the students they started with but I think the student just starting his program would have more difficulty.

I can tell this from the phone calls from large and small banks. It is getting to the point where it is a liquidity problem. It is a portion of their assets which they need to earn more money in order to pay the interest to the depositors and do the other things they should do in their community.

Mr. BROADWAY. Madam Chairman, North Carolina's operations of this program is slightly different from some of the other States in that the financial institutions of the State pool their resources in a pool of credit rather than making the individual loans themselves. And have that fund administered for them as the major eligible lender in the State by an educational foundation. We have done some original research in response to your question.

Mr. Paul is here today, the director of the foundation; it might be useful for this committee to have the results of the research he has done on his own lending activity.

Mr. PAUL. I am Duffy Paul, director of the College Foundation of North Carolina. The foundation is a private nonprofit corporation and acts as a collective lender for the North Carolina banking and life insurance industry.

We have 78 participating banks and 12 participating life insurance companies.

Since June 1, 1966, we have made 4,000 guaranteed loans. It has cost us \$25 per loan to place these loans on our books.

The foundation, although nonprofit, we understand it is nonprofit, but we are actually losing money by operating the guaranteed loan program for the bank and life insurance industry.

Mrs. GREEN. Do you think there ought to be the same fee for each loan or do you think there ought to be a larger sum, say \$35 for the first loan and maybe \$20 or \$25 for succeeding loans?

Mr. PAUL. I would think that the fee should be the same for each loan.

Mrs. GREEN. There isn't the same cost; is there?

Mr. PAUL. Practically, yes.

Mrs. GREEN. You don't have to investigate the individual and his family?

Mr. PAUL. We do this on an annual basis when the student reapplies.

Mrs. GREEN. The same depth?

Mr. PAUL. Yes.

Mrs. GREEN. Is that a matter of preference or a matter of necessity?

Mr. PAUL. We feel it is a matter of necessity.

Mr. PETRIE. When we started our program in 1964, we began with the Legislative Act of 1964 and started the program the same year. We began paying interest on all the loans we had approved. Then the Federal Higher Education Act came into effect.

We made an agreement so that the Federal Government would take care of the interest on the loans after November 1965. But since the beginning of our program we have sold our lenders on the basis of a community and public relations effort, a community service effort, because I tell many of them who bring up the point of "We can make more money on other loans," "Well, if you are going to look at it that way you are not going to make the first loan."

This is the only way we have been able to keep our banks in the program.

In July 1966 we increased our interest. We started off on the program of 5 percent. We increased our interest to 6 percent because of the effect of the Federal Reserve Board changing the requirements for the banks and the discount went up to four and a half percent in December of that previous year.

Now we are considering, and I have legislation prepared to increase our guarantee from the present 90 percent to 100 percent, to continue to do what we think is worthwhile and what will hold our program together.

Now I have constant calls—telephone calls and correspondence—which point up the fact that these lenders are looking for the application fees and those conversion fees.

About a month ago, I had a conference with one large bank, a major bank, which had stopped completely making student loans. They were carrying the ones on their books but they were not making new loans to those people in continuing their education.

In a conference with the president of the bank and a couple of his vice presidents, they told me that as soon as the conversion fees and payout fees were approved they would come into the program.

In September of last year, I talked to one of the bankers and he said, "By the way, Dick, I just bought \$4½ million at 6¼ percent and I am making your loans at 6 percent." I said, "You are our friend."

It was just a conversation but this was an actual situation where he had actually paid a quarter of a percent more for money he was loaning out. Traditionally, banks do not loan on a long-term basis. This is something that has to be overcome. It constantly comes up.

Mr. REEHER. Madam Chairman, I would like to add for the record that the State of Georgia initiated a State fee of 1 percent for lenders in July 1967. In the last 6 months of 1967, it enrolled 42 participating lenders, 42 new lenders that were actually making loans rather than simply signing agreements they were enrolling.

Mrs. GREEN. The College Entrance Examination Board report states:

It is extremely difficult to demonstrate accurately the general availability of NDEA loans to students. Participation by lending institutions does not necessarily mean a high volume of lending activity.

Mr. REEHER. This is true.

Pennsylvania, if I may cite my own case, is looked to as one of the leaders in this area. We are the second largest in the country. But we did a survey 2 weeks ago and 50.8 percent of our lenders have fewer than 10 loans. Many of them have none.

Mrs. GREEN. You mean participating lenders have no loans?

Mr. REEHER. Those that are under agreement with us to participate in the program. They get their name on the book and the revenue is not there so they do not actually grant the loans.

Mrs. GREEN. Let me ask you, Mr. Petrie, do your banks require that the prospective borrower's parents have an account at the bank?

Mr. PETRIE. Sometimes this happens. On each occasion I contact the banker and tell them that there are many of these students who are needing assistance to go to school who never have a bank account. They live from week to week on a cash basis.

In this particular case I say, "I hope you will ask them if they do have a bank account somewhere else and if they don't, help that particular student, because he is a future customer of your bank."

Mrs. GREEN. Now, the testimony of Mr. Noel was that 53 out of 73 required a bank account. Could you make an estimate of what percentage of yours require it?

Mr. PETRIE. I can't make any estimate. I know when this has happened, I acted upon it immediately to get that across to them and they agreed with me in our conversation that certainly they did not want to penalize someone who did not have a bank account. But if they had bank business with another bank, then they would encourage them to consider going to them.

Mrs. GREEN. If the board of directors have arrived at this as a policy decision, could the person with whom you talk change the policy of the bank?

Mr. PETRIE. The decision of the board of directors has never entered into our conversations.

Mr. QUIE. Madam Chairman, would you yield?

Mrs. GREEN. Yes.

Mr. QUIE. Was it the decision of the board of directors in those 53 banks?

Mr. NOEL. I am not sure. It was a simple question. This is what they responded to: "Do you require borrowers or their parents to maintain accounts at your bank? Yes or no."

And 53 out of the 73 said "Yes," they require it.

Mr. COSGROVE. Madam Chairman, there isn't any question but what Mr. Noel's figures are correct. In fact, they are an understatement. I would go so far as to say 65 to 70 percent of the banks require an account either of the youngster or of their parents.

Going back to Mr. Reeher's comment about having lenders in a program that do not make loans, so do we. But we have found out as a rule if we call them up and say, "What is the matter? Why don't you get going?"

They frequently reply, "We have gone as far as we can go along with the community idea." In other words, as Mr. Petrie says, sure, you can get a lender in your program on the basis of appealing to What is he going to do for the youth of his city, and so forth, and they will come in like they give a certain amount to the Community Chest every year.

But just as soon as they get beyond that percentage of their lending funds in a bank, the board of directors sits around and they say, "That is enough. We are making too many loans now at a rate of interest which is not competitive with the rest of our loans."

Mr. NESTOR. I wanted to emphasize a point that should be made, and that is the fact that assuming a freshman borrows \$1,000 this year and remains in school for 4 years, plus 3 years of graduate study, may even borrow in each of these years, the \$1,000 loan is made at 6 percent simple interest and there is no payment on principal, no return or anything for at least 8 years. This is the kind of loan problem that I think is of concern to many.

Mrs. GREEN. I am sympathetic to what you have just said. I also read further in the study that the critical area, talking about guaranteed student loans, the critical areas appear to be in large popula-

tion centers with a concentration of lower economic level families, predominantly Negro.

I think this committee has to weigh what you say, that the banks are not going to make money on it, with whether or not it is going to accomplish the purpose of providing funds for kinds that need funds to go to college. I think this has been one of the most damaging bits of testimony of how successful this program has been.

Mr. QUIE. Madam Chairman, this makes me wonder about any attempt to shift the NDEA student loan program over to the guaranteed loan program. So far, the banks have been making their decisions as to whom they will lend money in the traditional concept of who pays the best interest gets the money. When you talk about center city and problems of the minority race, here we have had really an outstanding example of student aid officers in colleges encouraging them to accept the loans, which has not been in their family tradition to ever do.

Some of them have to have loans of larger amounts than their parents ever earned in a year. It seems to me that the lender programs would have to make certain that for low-income people we do have the NDSL. Perhaps there are some State programs, but I imagine the State-guaranteed loans programs are essentially like the Federal ones.

Mr. HOLLISTER. May I say something about the New York program?

We have a mixture of savings banks, savings and loan associations, and commercial banks. I have to talk about large city areas, I have to talk about New York, Buffalo, Rochester, Syracuse, just a few large areas.

There are none of those areas that I have any knowledge of where we are not able to take care of these people under the guaranteed loan program. We have been going a little longer. We have had impetus from the State education department, the type of thing we have been working with. We have college financial aid advisers. They all recognize the problem.

I don't know of a bank in New York State that has a board ruling which says you must restrict it this way. I do know a policy, we can put this much money out this year in student loans, so we will restrict it to the parents who are customers of those particular banks.

I have been told by them, and I have seen cases coming to my office where people who don't have accounts are taken in the real needy cases. Where it is just a little more convenient, they are saying, "No, you don't happen to have an account here." This is what we are finding as far as our State is concerned.

I also note that this fall I was called by almost every financial aid officer in the State and the figure again hits me, the largest was NYU, said "We have \$500,000 less than we expected in Federal funds to help our students this year. Can you take up this gap for us?"

To the best of my knowledge, from the number we put on for NYU students this year, we have picked up the money they expected to have available for the programs they directly administer. I have this in school after school.

Mrs. GREEN. Mr. Petrie, do you know how many Negro students have borrowed under the guaranteed student loan?

Mr. PETRIE. Yes, ma'am.

Mrs. GREEN. How many?

Mr. PETRIE. I don't have the exact figure here. I do know, because I keep a record of them, and I always have. The figure is relatively equal to the population ratio in Louisiana. There might be a difference of a few figures one way. I can supply that to you, Madam Chairman,

Mrs. GREEN. Will you do that?

Mr. PETRIE. I will be glad to do so.

(The information to be furnished follows:)

LOUISIANA HIGHER EDUCATION ASSISTANCE COMMISSION,
Baton Rouge, La., March 22, 1968.

Hon. EDITH GREEN,
Chairman, House Subcommittee on Education, Rayburn House Office Building,
Washington, D.C.

DEAR CONGRESSWOMAN GREEN: I want to again express to you my appreciation for your courtesy to me and members of our Federal Liaison Committee of the National Conference of Executives of Higher Education Loan Plans when we appeared before your committee in the Rayburn Building on Thursday, March 7, 1968, in connection with hearings on H.R. 15067.

During the hearing you requested information on the Louisiana student loan program insofar as the number of loans to women students, as well as the number of loans by race and sex. I advised you during the hearing that we had this information and would be glad to furnish it to you.

We have requested this information from our central data processing system in the state government, which we use in our program although that complete information on all of the loans has not been made available at this writing. It will be forwarded as soon as possible.

However, we just received in the mail from the Division of Student Financial Aid of the U.S. Office of Education a statistical report of the guaranteed student loan program, which was taken from their computer early in March and from which they prepared a chart showing state breakdown by race and sex of 377,260 loans. This shows the cumulative statistics which the USOE has compiled from information furnished to them thru the Form OE 1070. This form is an individual report on each student loan which is required to be made by USOE and forwarded to Washington. A photocopy of that chart is forwarded to you herewith.

This chart shows that the Louisiana program provided 3,883 student loans to female students and 4,268 to male students out of a grand total for all of the states of 122,797 loans to female and 225,523 loans to male students in all of the states.

It also shows that Negro students in Louisiana received 3,388 loans out of a national total of 18,615 and our white students received 4,763 loans out of a national total of 329,705.

Nineteen of the loans were unidentified as to race for Louisiana, which is the lowest unidentified percentage of any state when compared to the total number of loans in any state. These almost complete statistics on Louisiana show that 3,388 loans went to Negro students compared to 4,763 loans to white students as against the national statistics of 18,615 loans to Negro students compared to 329,705 loans to white students.

The 1960 census figures in the World Almanac shows that the Louisiana total population at that time was 3,257,022 with 2,211,715 white and 1,044,857 non-white.

As we tried to emphasize during the hearing the lenders must receive more compensation in one form or another for handling these nonprofit student loans. We continue to encourage our lenders on the basis of community service and public relations activity, but even this honorable attitude wears thin in the face of rising money costs and the additional administrative cost over and above a normal commercial loan.

The argument that lenders throughout the country have increased the number of loans during this fiscal year over and above previous activity without additional compensation is a rather hollow argument. At meetings of our National Conference of Executives of Higher Education Loan Plans and subsequent meetings of our Federal Liaison Committee, representatives of the state programs confirmed that they had been advising the lenders in their states that additional compensation to lenders was provided in the amendments to the Higher Education Act which are now contained in H.R. 15067 in the form of application and conversion fees. We have also continued to advise the lenders that these fees were to be available to them since June 1, 1967.

As I stated in my testimony before the committee, we have had letters and many telephone and personal conversations with our lenders and they are anxiously awaiting this additional compensation. They have advised us time and again that the processing of a student loan and securing the repayment thereof is much more complex and requires much more administration and detail than a normal commercial loan. Students who receive a loan often leave their original addresses to seek employment away from home and the collection of the loans becomes very complex as compared to the normal collection of commercial loans from adults who normally stay in a local community.

Mr. Hermann Moyse, President of the Louisiana Bankers Association, furnished to me the results of a cost analysis of loans in the Sixth Federal Reserve District which involved bankers in a fifty to two hundred million dollar category. He advised that the Sixth Federal Reserve District includes the southern half of Louisiana, Mississippi, Alabama, Florida, Georgia, and East Tennessee. These statistics were furnished by nineteen bankers in the District based on a two-week period in October, 1966. No cost of the money for loans was considered nor was a loss factor considered in the cost of these loans, and it was based on their cost for a normal commercial loan.

The analysis was based on an average loan of \$1,027. The average cost of making this installment loan was \$20.45 and this cost was projected on the original and repeat loan cost of the average loan for a period of four years ($\$20.45 \times 4 = \81.80).

The collection cost based on a sixty-month repayment period was estimated to be \$1.20 for each monthly payment which would amount to \$72 over the sixty-month period. This produces a figure of \$153.80 average cost ($\$81.80 + \72.00) for making four loans of \$1,027 each for four years and collecting the total over a period of sixty months.

Since no money cost or loss factor was considered, if the money cost to the lender bank is more than the 6% interest provided, then the lender must assimilate total cost of the loan. If the lender can secure money at less than 6%, then the difference between the cost of the money and the 6% return would have to overcome the \$153.80 average cost to provide this loan assistance in order for the lender to break even.

Mr. Moyse advised that the geographical factor for the collection of these loans was also not considered. He told me that this referred to the situation where the student may be most anywhere in the United States and the correspondence and other expenses entailed in making collection from a former student who was delinquent in payments was difficult to determine but sometimes becomes very costly. I feel sure that the American Bankers Association can provide more statistics from other Federal Reserve Districts, as I understand this same type of statistical information was requested by ABA.

In other testimony before the committee I emphasized the key role that the Student Financial Aid Officer at the school must play in order that the financial assistance for educational expenses be geared to actual education expenses. The non-profit guaranteed loans should be reserved for students who really need the money to meet the cost of their education. We agree with the position of Allen D. Marshall, President of United Student Aid Funds, Inc., who states, "a reasonable provision directing the financial aid officer of the educational institution to recommend the amount of the loan based on his evaluation of the student's real need must be at the heart of the bill."

The lender will still have the privilege he has at the present time of decreasing the recommended amount or moderately increasing this amount, based on his probably more accurate information of the financial condition of the student and his family. However, the recommendation from the student aid officer should be the guide for the lender although it need not be a limitation.

I am hoping that this lengthy letter will provide you with opinions and facts gained from actual experience which, fortunately, I have had in organizing and administering the Louisiana student loan program from its beginning in July, 1964 to the present time.

Cordially yours,

RICHARD W. PETRIE, *Executive Director.*

GUARANTEED STUDENT LOAN PROGRAM MAR. 11, 1968

	White male	White female	Negro male	Negro female	No response on race		Total
					male	female	
Total.....	216,615	113,090	8,908	9,797	20,280	8,660	377,260
10 Alabama.....	1,457	710	186	272	26	8	2,659
11 Alaska.....	81	37			4	1	122
12 Arizona.....	1,135	512	16	14	38	11	1,726
13 Arkansas.....	1,417	774	86	146	19	4	2,446
14 California.....	9,598	4,154	297	179	485	155	14,868
15 Colorado.....	2,057	1,550	56	50	51	30	3,794
16 Connecticut.....	12,100	6,898	341	351	172	59	19,921
17 Delaware.....	512	272	14	23	5	5	831
18 District of Columbia.....	42	16	19	13	0	1	91
19 Florida.....	1,977	896	170	231	197	80	3,551
20 Georgia.....	723	249	84	152	59	19	1,286
21 Hawaii.....	254	143	1	2	13	1	414
22 Idaho.....	832	392	5	1	19	7	1,256
23 Illinois.....	13,636	6,146	662	387	445	154	21,430
24 Indiana.....	7,630	4,064	300	310	228	114	12,646
25 Iowa.....	4,699	2,930	36	21	173	111	7,970
26 Kansas.....	2,696	1,325	66	45	96	17	4,245
27 Kentucky.....	2,110	1,239	62	68	146	90	3,715
28 Louisiana.....	3,160	1,603	1,108	2,280	14	5	8,170
29 Maine.....	1,922	900	1		20	7	2,850
30 Maryland.....	2,262	1,182	136	116	41	24	3,761
31 Massachusetts.....	11,768	5,596	178	96	298	125	18,061
32 Michigan.....	5,745	3,329	142	166	110	31	9,523
33 Minnesota.....	3,092	1,718	7	8	59	13	4,897
34 Mississippi.....	1,267	647	228	395	28	11	2,576
35 Missouri.....	3,064	1,336	98	88	81	44	4,711
36 Montana.....	681	391	3	1	11	5	1,092
37 Nebraska.....	1,183	585	9	3	28	16	1,824
38 Nevada.....	322	140	5	4	13	0	484
39 New Hampshire.....	1,407	816	2	2	46	21	2,294
40 New Jersey.....	15,676	8,548	877	690	862	331	27,034
41 New Mexico.....	1,324	706	13	19	350	114	2,526
42 New York.....	48,323	25,024	1,474	1,011	12,825	5,177	93,834
43 North Carolina.....	519	344	76	187	1,516	1,046	3,688
44 North Dakota.....	938	522		1	12	4	1,477
45 Ohio.....	5,343	3,118	209	170	133	44	9,017
46 Oklahoma.....	1,748	947	46	43	19	5	2,808
47 Oregon.....	1,680	952	8	9	128	74	2,851
48 Pennsylvania.....	15,265	8,285	576	555	374	116	25,171
49 Rhode Island.....	2,622	1,282	42	15	45	12	4,018
50 South Carolina.....	1,215	617	186	274	15	12	2,319
51 South Dakota.....	1,743	1,137	2	3	34	10	2,929
52 Tennessee.....	2,537	1,406	214	355	27	16	4,555
53 Texas.....	2,721	1,253	120	125	46	11	4,276
54 Utah.....	928	294	2	1	36	14	1,275
55 Vermont.....	984	510	2		192	99	1,787
56 Virginia.....	5,069	2,426	522	668	361	129	9,175
57 Washington.....	2,032	1,300	37	15	127	52	3,563
58 West Virginia.....	1,205	810	54	39	16	7	2,122
59 Wisconsin.....	4,233	1,889	65	36	65	39	6,327
60 Wyoming.....	612	279	3	--	6	0	900
61 U.S. service schools.....							
62 Canal Zone.....							
63 Guam.....							
64 Puerto Rico.....	1,069	900	62	67	166	129	2,393
66 Virgin Islands.....							

Mrs. GREEN. I would also like to ask unanimous consent to place in the record at this point a summary of recommendations contained in the College Entrance Examination Board study with the respective comments of the Office of Education.

(The material referred to follows:)

SUMMARY OF RECOMMENDATIONS IN COLLEGE ENTRANCE EXAMINATION BOARD STUDY WITH COMMENTS OF OFFICE OF EDUCATION

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
OFFICE OF EDUCATION,
Washington, D.C., March 15, 1968.

Hon. EDITH GREEN,
Chairman, Special Subcommittee on Education, Committee on Education and Labor, House of Representatives, Washington, D.C.

DEAR MADAM CHAIRMAN: This is in response to your letter of March 7 and your request for the Office of Education position on the recommendations and proposals contained in the "Study of Federal Student Loan Programs" conducted for the Department by the College Entrance Examination Board.

Inasmuch as your subcommittee is currently considering H.R. 15067, which addresses itself only to programs now under the jurisdiction of the Office of Education, the attached commentary follows the same direction and does not refer to such findings and recommendations as may pertain to programs within the Public Health Service area of responsibility.

For ease of review, we have followed the same outline as that contained in chapter III of the CEEB study. Each specific recommendation is followed by a statement of the position of the Office of Education.

We believe the staff of the College Entrance Examination Board and its advisory and consultant groups have done an exemplary job in conducting the study. It is proving to be of real value to the Office of Education staff, and we trust it will be of like benefit to your subcommittee.

Sincerely yours,

HAROLD HOWE II,
U.S. Commissioner of Education.

OFFICE OF EDUCATION RESPONSE TO SUMMARY OF FINDINGS AND CONCLUSIONS
FROM A STUDY OF FEDERAL STUDENT LOAN PROGRAMS

FOREWORD

It will be noted that many of the recommendations made in the College Entrance Examination Board study have been incorporated in proposals for legislative amendments contained in H.R. 15067. For ready reference appropriate sections of this bill have been included wherever pertinent.

A. ADMINISTRATION

1. As discussed in chapter XI it is concluded here that the advantages of centralizing the administration of the six Federal loan programs would outweigh the disadvantages. The Federal loan programs will continue to grow further apart under administration divided between the U.S. Office of Education and the U.S. Public Health Service. *It is recommended, therefore, that the operation of the six Federal loan programs be brought into a single administrative agency. It is further recommended that appropriation requests for the health professions student loan program and the nursing student loan program continue to be submitted as separate budget items by the Public Health Service.*

(See ch. XI.)

OE position

The recommendation to consolidate the various loan programs, administered by DHEW, is being explored by the Department. However, every effort is being made by both OE and PHS to keep the programs in as similar an administrative frame as possible. A step toward this objective will be taken by OE in 1970 when the Cuban loan program is consolidated with the NDSL program.

2. In all the recommendations that follow it is assumed that the six current Federal student loan programs should be reduced to four. This reduction can be accomplished by merging the vocational student loan program with the guaranteed loan program and by subsuming a modified Cuban refugee loan program

under the national defense student loan program, the health professions student loan program, and the nursing student loan program. As a logical followup of the centralization of administration of all the Federal student loan programs, which is recommended in Recommendation 1, and as a subsequent step, it is believed feasible and desirable to merge into one loan program the national defense student loan program, the health professions student loan program, and the nursing student loan program. The major precaution that would have to be taken is the development of appropriate allocation procedures to reflect the differing needs of the various institutions. Such merger would leave only two Federal student loan programs: the merged program as recommended above and the guaranteed loan program.

OE position

As previously stated, it is not deemed feasible to consolidate the PHS and OE programs, at this time. However, the incorporation of the Cuban loan program by the national defense student loan program is endorsed. Since the elimination of a State allotment formula is proposed in the "Higher Education Amendments of 1968," one of the major problems confronting this action may be disposed of.

As institutions have already filed their applications for funds for fiscal year 1969, the Cuban loan program should be merged with NDSL for fiscal year 1970. Due notice will be given to those institutions concerned, so that they can increase their applications for funds for fiscal year 1970. The need for reaching agreement with, and transferring appropriations from the Welfare Administration to the Office of Education is apparent; obviously a program of this magnitude could not be absorbed by the NDSL at present levels without additional funding.

NOTE.—Reference recommendation No. 38 and recommendation No. 21 concerning the guaranteed loan program merger.

3. *Under the national defense student loan program, it is recommended that the U.S. Office of Education continue to simplify and to standardize reporting procedures and also to make every effort to avoid frequent changes.* (See ch. IV, p. 16.)

OE position

The Office of Education has and will continue to make every effort to standardize and simplify reporting procedures.

4. *Under the guaranteed loan program, it is recommended that the U.S. Office of Education, in collaboration with the State agencies and educational institutions, work toward the standardization of policies, procedures, and forms among the various States.* (See ch. VIII, p. 43.)

OE position

The Office of Education has and will continue to make every attempt to work toward standardization. The variety of forms and procedures used by each State loan agency director and requirements of State law make this an especially difficult area to coordinate.

The reinsurance proposal should enable States to adopt more uniform procedures.

B. NEED FOR STUDY OF MAXIMUM BORROWING

5. *It is recommended that an economic, educational and social analysis of the impact of borrowing be undertaken by the institutions of higher education and their associations, with the assistance of the U.S. Office of Education, to determine what might be considered reasonable maximum indebtedness that students from various family income levels, students preparing for low paying occupations, and women might be expected to assume.* (See ch. X, p. 5.)

OE position

The Office agrees that it would be most desirable to conduct a study to determine the impact of borrowing on the student after he has graduated or dropped out of school. It is hoped that such a study may be started during the next fiscal year. The fiscal year 1969 budget contains a request for \$429,000 to support an "analysis of student financial aid programs and of the universe of students that these programs are designed to aid." A second study in the amount of \$175,000 entitled, "Analysis of the Recipients of Educational Opportunity Grants," and still a third study, to cost \$75,000, entitled, "Analysis of the Effect of the College Work-Study Program on the Educational Experience of Aid Recipients" are also planned for fiscal year 1969. These studies will jointly overlap the question of student debt load.

C. NEED FOR MORE STAFFING AND TRAINING OF FINANCIAL AID OFFICERS

6. *It is recommended that the U.S. Office of Education urge institutions to provide adequate staffs to administer student financial aid programs and offer to sponsor training programs to provide the institutions with better trained staff.* (See ch. IV, p. 4.)

OE position

The Office agrees that additional training is necessary for personnel currently employed in student financial aid activities. We are encouraged to note that this need has generally been recognized by institutions of higher education. Some schools, such as Indiana University, are currently conducting training programs for financial aid officers. We encourage and promote this type of activity and in addition, we endorse the creation of State and regional student financial aid councils throughout the United States. These councils generally tend to upgrade the profession and this, hopefully, will be instrumental in initiating additional training programs, as, for example, under the higher educational personnel training provisions of the Education Professions Development Act. The need for additional training is especially acute in vocational and technical institutions.

D. NEED FOR ESTIMATES OF FUTURE STUDENT LOAN DEMANDS

7. *It is recommended that the U.S. Office of Education prepare projections of the demand for student loans during the next 5 years, with the assistance of the State loan agencies and educational institutions.* (See ch. IV, p. 10; and ch. VIII, p. 37.)

OE position

The office currently does make 5-year projections of the demand for loans, a part of the PPBS system used within DHEW. These projections will become more relevant to actual loan volume as a broader national experience base is developed.

E. ROLE OF THE NATIONAL DEFENSE STUDENT LOAN PROGRAM

8. *It is recommended that the annual direct appropriation for the national defense student loan program not be decreased below its 1968 level for at least the near future.*

OE position

If the implication is that the direct annual appropriations for the NDSLP should be held at the 1968 level, we do not concur in this recommendation. There is, as yet, no evidence that annual contributions of NDEA loan capital should be held at a constant level.

F. REVOLVING FUND AS A SOURCE OF PRIVATE CREDIT

9. *It is recommended that the U.S. Office of Education sponsor regional meetings of the college and university officials to determine what additional factors, if any should be considered and developed to make the revolving fund acceptably operable for the national defense student loan program, the health professions student loan program, and the nursing student loan program.* (See ch. IV, p. 10; and ch. IX.)

OE position

This recommendation is no longer applicable since the administration has withdrawn its proposal to utilize borrowing authority for capital in the NDEA loan program.

G. GUARANTEED LOAN PROGRAM

10. *Steps should be taken to strengthen the existing State agencies and to continue to encourage the creation and maintaining of strong State agencies by* (see ch. VIII, p. 20):

(a) *Removing the present provision for direct Federal insurance as a weakening force for strong State agencies, after continuing it on an announced temporary basis from its present expiration date of June 30, 1968, to a new expiration date of June 30, 1970.* (See ch. VIII p. 21.) *This recommendation applies only to loans of necessity and should not affect the possible use of direct Federal insurance for loans of accommodation, as covered in recommendation 12.*

OE position

The Office of Education concurs and has suggested a new expiration date of June 30, 1970, as noted in H.R. 15067, title IV, part B, section 431:

"EXTENSION OF FEDERAL LOAN INSURANCE PROGRAM"

"SEC. 431. Subsection (a) of section 424 of the Higher Education Act of 1965 is amended (1) in the first sentence by inserting after 'June 30, 1968' the following: 'and such limitation in the two succeeding fiscal years as may be specified in appropriations Acts'; and (2) in the second sentence by striking out '1972' and inserting in lieu thereof '1974'."

(b) *Bringing in incentives to encourage the creation of strong State agencies where they do not now exist. The combination of two of the proposals now before Congress (the 80-percent reinsurance plan and additional "seed" or reserve money) should be sufficient to give such encouragement, with the additional encouragement of the Federal Government's sharing the costs of administering the State program. (See ch. VIII, p. 21.)*

OE position

The two pertinent proposals contained in H.R. 15067, section 423 are:

"(d) (1) The Commissioner may enter into a guaranty agreement with any State or any nonprofit private institution or organization with which he has an agreement pursuant to subsection (b), whereby the Commissioner shall undertake to reimburse it, under such terms and conditions as he may establish, in an amount equal to 80 per centum of the amount expended by it in discharge of its insurance obligation, incurred under its loan insurance program, with respect to losses on the unpaid balance of the principal of any insured loan (other than interest added to principal) resulting from the default of the student borrower ***.

"(b) (1) Subsection (b) of section 421 of such Act is amended by striking out 'and' before '(3)', and by striking out the period at the end of the first sentence of that subsection and insertion ', and' in lieu thereof, and by adding thereafter the following new clause:

"(4) there is authorized to be appropriated the sum of \$12,500,000 for making advances, after June 30, 1968, pursuant to section 422 for the reserve funds of State and nonprofit private student loan insurance programs.' ***

"(2) No advance shall be made in any fiscal year ending after June 30, 1968, unless matched by an equal amount from non-Federal sources. Such equal amount may include the unencumbered non-Federal portion of a reserve fund. As used in the preceding sentence, the term 'unencumbered non-Federal portion' means the amount (determined as of the time immediately preceding the making of the advance) of the reserve fund less the balance of the proceeds of prior advances under this part and earnings thereon, and less such other amounts as may be maintained in such fund pursuant to State law or regulation, or by agreement with lenders, as a reserve against the insurance of outstanding loans."

Under the reinsurance proposal, the State agency retains the insurance premium which may be used for administrative cost.

(c) *Holding conferences on the guaranteed loan program with State officials, preferably at the State or regional level—but if time and staff do not permit, at the national level. (See ch. VIII, p. 22.)*

OE position

The Office of Education agrees that such conferences are necessary and holds them frequently. In addition, State, regional, and National organizations of bankers, college personnel, and guarantee agencies uniformly include the guaranteed loan program on meeting agenda.

11. *Financial need should be required as a criterion in the guaranteed loan program.* The present guaranteed loan program legislation states that there shall be no financial need criterion other than defining those adjusted family incomes under \$15,000 as eligible for federally subsidized interest payments. This arbitrary line provides interest subsidy benefits to some students from families that cannot demonstrate financial need, while other families that have higher incomes but large numbers of children and special financial problems have financial need but are unable to obtain the Federal

interest subsidy. The overwhelmingly large majority of the people involved in the program is in favor of requiring financial need as a criterion for Federal interest subsidy in the guaranteed loan program. It is felt also that this restriction is necessary to keep the program under reasonable control. (See ch. VIII, pp. 22-20.)

OE POSITION

We do not concur in this recommendation and believe that the current financial need criterion in the legislation is in accord with the broad purpose of the guaranteed loan program. We have taken steps to insure that loans granted under the program are for meeting higher education costs and that the recipients do not receive additional student aid in excess of stated college costs. The financially needy student is given special consideration in the combined grant-work-loan authority contained in title IV, part A, of H.R. 15067.

12. Loans of necessity (see recommendation 11), which are intended to meet the student's financial need after parental contribution, should be separated from loans of accommodation, which are intended to meet or help meet the parental contribution toward the expenses of higher education. Loans of accommodation should be made to the parent, not to the student, should be guaranteed by the Federal Government, and should not receive Federal interest subsidy. Loans of accommodation should be retained as a feature of the guaranteed loan program and administered through the device of direct Federal insurance, or they should be handled by a Federal agency, patterned after the Federal Housing Administration established for the purpose of guaranteeing such loans (See ch. VIII, p. 29.)

OE POSITION

We do not agree with this recommendation. We believe that the purpose of this loan program is to provide low-interest, long-term loans to middle and upper income families who are not able to obtain financial assistance through the college-based programs. The financial burdens families now face, if they are to provide education beyond the high school levels for their children have become increasingly heavy. The cost of obtaining postsecondary education continues to increase each year. The financial pressures now bear heavily not only on the low middle income family, but also on middle and upper middle income family who only a few years ago were capable of paying for their children's education. We believe the insured loan program was established to meet this need. The loans of necessity referred to in the CEEB study should be obtained from the college financial aid officer and should be provided largely through the existing NDEA loan program. Further, we see a little point in a further proliferating of student loan insurance activities among other Federal agencies.

13. Colleges and universities, acting under ground rules established by themselves, the lending institutions, and the State guarantee agencies, should be responsible for determining which students should receive loans and recommending the amounts that they should receive. (See ch. VIII, p. 33.)

OE position

We concur in the spirit of this recommendation; namely, that the college does bear responsibility for certifying information to the lender concerning the student's enrollment status, amounts of assistance he may have been granted, and an appropriate pattern of costs incurred by the student. Negotiation of the precise amount of the loan, however, should remain between the student and the lender. We believe sufficient authority exists in the present statute to allow the Commissioner to issue guidelines descriptive of the role of the college.

14. Steps should be taken to provide a reasonable profit to lending institutions. The burden of evidence indicates that 6-percent simple interest is not yielding a reasonable profit to most lending institutions. This study recommends, therefore, that the return be set to yield a reasonable profit, the method and amount to be determined by financial experts. (See ch. VIII, p. 36.)

OE position

The Office of Education concurs that a reasonable return should be provided to the lending institutions and believes this can be accomplished by the following proposal which is contained in H.R. 15067, section 426:

"(B) The Secretary shall from time to time establish appropriate schedules of maximum application fees and consolidation or other conversion fees (as defined

by the Secretary) that, subject to the limitations of this paragraph and subject to such other requirements and conditions as the Secretary may prescribe, shall be paid by the Commissioner to eligible lenders with respect to loans made by them and insured under this part by the Commissioner or under a program of a State or of a nonprofit private institution or organization. No such application fee and no such other fee shall exceed \$35. No more than one such application fee may be paid by the Commissioner to any such lender with respect to all loans to the same student borrower for the same academic year (or its equivalent) of study and no more than one such consolidation or other conversion fee may be paid to any such lender in respect of the total insured indebtedness of a student incurred for the pursuit of his entire study program (as defined by the Secretary). In establishing such schedules, the Secretary may take into account among other factors the reasonable and necessary administrative costs (not adequately compensated for by allowable interest charges) to eligible lenders of making and servicing loans to be insured under this part.

"(b) (1) There is added after the first sentence of paragraph (1) of section 428(a) the following new sentence: 'In addition, the Commissioner shall pay, when due, such authorized application fees and consolidation or other conversion fees as may be provided pursuant to subparagraph (B) of section 428(a) (2) with respect to loans to any such student but without regard to the student's adjusted family income.'"

15. *To project future needs, a task force should be assigned to identify all the elements involved in estimating future requirements of guaranteed loans, and each State should be requested to prepare its projections for the next 5 years.* (See recommendation 7.)

OE position

The Office of Education currently makes projections of demand and supply for the guaranteed loan program as well as all other programs. We believe the estimated needs and loan availability in each State could be made a part of this projection.

16. *To increase participation from the present potential sources of individual lending institutions, the Office of Education should be enabled to enter into agreements with those larger nationwide insurance companies, credit unions, universities, and others who would commit themselves to designated minimum amounts of loan funds over a period of years.* (See ch. VIII, pp. 37-38.)

OE position

We endorse this recommendation and will seek to encourage any potential lender to make guaranteed loans available to eligible students, when lenders with a national clientele do not fit into a pattern of State guarantee activity. This is now permissible in any State in which Federal insurance is available.

17. *Greater efforts should be made on the part of States to gain new and increased participation by individual lending institutions within the States. States should be advised also of methods for providing new and supplementary sources of loan funds and encouraged to give these sources consideration in anticipation of greater demands for loans to be made upon them.* (See ch. VIII, p. 38-39.)

OE position

We agree with this recommendation and hope that additional OE field staff can be provided, so that a determined effort can be made to encourage greater lender participation in each State's program.

18. *To make loans available to students now finding it difficult, if not impossible, to obtain loans, States should be encouraged to set up a central service division and, where necessary, a central pool of credit to provide loan funds for such students.* (See ch. VIII, p. 39-40).

OE position

Basically, this concept has been explored in several areas of the country. North Carolina was the first to do this and was followed by Washington, D.C. The idea thus far has proved very ineffective, since lenders tend to use such pools as an excuse for extremely limited participation in the program.

19. *Guaranteed loans should be made eligible as matching funds for grants under the educational opportunity grants program.* (See ch. VIII, pp. 40-41.)

OE position

As proposed in H.R. 15067, the Educational Opportunity Act of 1968, there is no requirement that institutions match educational opportunity grants. See excerpt from H.R. 15067, below:

"EDUCATIONAL OPPORTUNITY GRANTS

"SEC. 404. (a) An institution of higher education, in accordance with its agreement under this part, may award educational opportunity grants to undergraduate students under which the institution shall pay to any such student not to exceed \$1,000 for each academic year over which such grant, as provided by subsection (b), shall extend. The Commissioner shall, subject to the foregoing limitation, prescribe for the guidance of participating institutions basic criteria or schedules (or both) for the determination of the amount of any such educational opportunity grant, taking into account the objective of limiting grant aid under this part to students of exceptional financial need and such other factors, including the number of dependents in the family as the Commissioner may deem relevant. The Commissioner may also prescribe a minimum amount payable for any academic year under any such grant."

20. *Five procedural changes should be effected to standardize forms and policies within the States, make proceeds of loans payable in two installments per year, have proceeds sent to students in care of their institution, and and so forth.* (See ch. VIII, p. 42.)

OE position

(a) The Office of Education agrees with the recommendation that the proceeds of the loan should be sent to the student in care of the educational institution. We do not believe that the lending institutions should be forced to do this, but we will strongly recommend that they follow this procedure.

(b) We believe that the recommendation for loan disbursement in two payments should also be left to the opinion of the lenders and the guarantee agencies. Multiple disbursements not only increase the costs to the lender, but also increase the paperwork for all parties concerned.

(c) The Office of Education has and will continue to make every attempt to work toward standardization. Last year, for example, we made efforts to standardize inclusion of form 1070 in all State applications.

(d) The recommendation to supply education institutions with forms that students might fill out and submit to lending institutions is not practicable as long as we have many varied forms among the State agencies. We agree that it would be a tremendous job for any educational institution to try to stock all of the various forms necessary to serve its students. But as we indicated in the above recommendation, this is an especially difficult area to coordinate.

The Office of Education would prefer to have one uniform application and guarantee form, but as long as the programs are State oriented, we cannot specify the information a State form must contain.

(e) The Office of Education is currently sending to all educational institutions, student confirmation reports. The information from these reports will be supplied to all lending institutions. We are also willing to make this information available to any guarantee agency, which should eliminate the necessity for the State agency to request identical information from the schools.

21. *The proposed merger of the vocational student loan program with the guaranteed loan program should be enacted.* (See ch. VIII, p. 48.)

OE position

The Office of Education concurs, as is recommended in H.R. 15067:

"MERGER OF NATIONAL VOCATIONAL STUDENT LOAN INSURANCE ACT OF 1965 WITH LOW-INTEREST INSURED LOAN PROGRAM OF HIGHER EDUCATION ACT OF 1965

"SEC. 430. (a) (1) Paragraph (a) of section 435 of the Higher Education Act of 1965, as amended by this Act, is further amended (A) by striking out "eligible institution" means an educational institution' in the first sentence and inserting in lieu thereof "institution of higher education" means an education institution'; (B) by redesignating the paragraph as subparagraph (2) of paragraph (a) and clauses (1), (2), (3), (4), and (5), and subclauses (A) and (B) and

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

student loans, and Cuban refugee student loans to their efforts on behalf of their own loans. (See ch. IV, p. 27; ch. V, p. 6; and ch. VI, p. 5.)

OE position

We endorse this recommendation and are encouraging the creation of central billing and collection agencies.

26. *An incentive plan for the reimbursement of administrative expenses should be adopted.* (See ch. IV, p. 29; ch. V, p. 6; and ch. VI, p. 5.)

OE position

The Office does not endorse this recommendation because we feel it would not achieve the desired objective. We do not believe that the small schools which have poor administrative records would be induced by this method to improve their program administration. We do agree that a change in the method of reimbursement for administrative cost is necessary and we have recommended in H.R. 15067 that institutions be paid 3 percent of their yearly grant for administrative overhead in all three college-based student aid programs as well as in the PHS programs.

K. CANCELLATION OF LOANS

27. *The teacher cancellation provision of the national defense student loan program should be phased out.* (See ch. IV, p. 35.)

OE position

The information in that portion of the CEEB study which deals with the effectiveness of partial loan cancellation as a means of recruiting teachers, is inconclusive. We have no additional information or data which will or will not support the recommendation made by the college board. Further study and evaluation of this aspect of the NDEA loan program might be done although the array of attitudes and opinions in the educational community on this point is sharply divided, as for instance, among deans of education, financial aid officers, or loan recipients themselves.

28. *The nursing cancellation provision of the nursing student loan program should be phased out.* (See ch. VI, p. 8.)

OE position

No comment.

29. *The forgiveness (or cancellation) concept should not be extended to the guaranteed loan program.* (See ch. VIII, p. 41.)

OE position

We are in complete agreement with the recommendation that the teacher cancellation provision not be extended to the guaranteed loan program.

L. UNIFORMITY OF PROVISIONS

30. *Maximum borrowing. Limits of \$1,500 per year and \$5,000 aggregate should be set for undergraduate students, and limits of \$2,500 per year and \$10,000 aggregate should be set for graduate students (including undergraduate loans). These limits would apply for borrowing in each Federal loan program and, in addition, for borrowing under more than one Federal loan program.* (See ch. X, p. 3.)

OE position

We concur in the recommendation and have requested a change in the limit of borrowing in H.R. 15067, since the \$10,000 limit could be unduly restrictive for some graduate students. We have proposed a maximum of \$11,000. There is no need to modify the Cuban regulations, since it is proposed that this program be incorporated with the NDEA.

31. *Loans should be made available to half-time students.* (See ch. X, p. 5-6.)

OE position

Half-time students may currently borrow under the NDEA and the Federal insured student loan program. Under the guaranteed loan programs, this is at the option of the State loan agency.

32. *Interest payments during the repayment period should be standardized.* (See ch. X, p. 6.)

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.

N. NATIONAL DEFENSE STUDENT LOAN PROGRAM—OTHER RECOMMENDATIONS

39. *It is recommended that the procedure for allocating the Federal capital contributions be based on a State or regional allocation to take into consideration the number of students enrolled in high-cost institutions and the income distribution of college-going students, as well as on the number of full-time students in higher education, which is the only factor now used. (See ch. IV, p. 14.)*

OE position

A change in this procedure is recommended in the Higher Education Amendments of 1968, with creation of national pooled funding. Factors of institutional cost, income distribution of students, enrollment changes, etc., are best developed within the individual institutional request, rather than superimposed by formula.

40. *Further, it is recommended that no allocation to a State or region be allowed to lapse, that funds not used in a State or region be reallocated to States or regions where insufficient funds have been allotted. (See ch. IV, p. 14.)*

OE position

This recommendation has been met by provision in H.R. 15067 in which there is no State allotment formula. Accordingly, all institutions are treated on an equal basis and the amount of money which would not be utilized by institutions, would be reduced to a bare minimum.

41. *It is recommended that additional restrictions on needy students be called to the attention of financial aid officers as possible sources of discrimination. (See ch. IV, p. 17.)*

OE position

We steadfastly support the right of the institution to determine the students to whom they make awards. Whenever it is brought to our attention that financial aid officers are not following the rules or regulations, we do take appropriate action, primarily through site visits by our regional personnel.

42. *It is recommended that the provision in the national defense student loan program legislation requiring that special consideration be given to students "with a superior academic background" be eliminated (See ch. IV, p. 17.)*

OE position

This provision of the NDEA will be eliminated by amendments contained in H.R. 15067.

O. OTHER RECOMMENDATIONS

43. *It is recommended that the institutional allocation procedure in the health professions student loan program be revised to take into consideration not only the proportion of students involved, but the relative student expense budgets. (See ch. V, p. 5.)*

OE position

No comment.

44. *It is recommended that additional efforts be made to disseminate information about the nursing student loan program: (a) among high school guidance counselors; (b) among currently enrolled students in nursing programs to encourage them to continue into advanced studies; and (c) among married nurses to encourage them to take on advanced studies. (See ch. VI, p. 8.)*

OE position

No comment.

MR. PETRIE. In connection with our particular State, when any student advises me that he cannot find a bank, I determine that he has actually made contacts with the various banks. If he cannot find a bank or lender to provide the loan, I ask him to send the application on to our office and we find a place for him.

MRS. GREEN. Will you also give us the number of women who are borrowers under this?

MR. PETRIE. I have this in my program, too.

MRS. GREEN. I thank the members of this panel for appearing today.

I am especially grateful to you, Mr. Reeher and members of your panel, and also to Dr. Purdy for accommodating us on the committee. You were all scheduled to testify last Friday. We felt we had another matter that was of greater urgency. You were kind enough to agree to come several days later. Our thanks to all of you.

Mr. REEHER. Thank you, Madam Chairman.

Mrs. GREEN. The meeting is adjourned until tomorrow morning at 10 o'clock.

(Whereupon, at 12:40 p.m. the subcommittee recessed, to reconvene at 10 a.m., Friday, March 8, 1968.)

HIGHER EDUCATION AMENDMENTS OF 1968

FRIDAY, MARCH 8, 1967

HOUSE OF REPRESENTATIVES,
SPECIAL SUBCOMMITTEE ON EDUCATION
OF THE COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to recess, in room 2257, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the full committee) presiding.

Present: Representatives Perkins, Brademas, Hathaway, and Quie.

Staff members present: William F. Gaul, associate general counsel, and W. Phillips Rockefeller, minority research specialist.

Chairman PERKINS. The committee will come to order. A quorum is present. In the absence of Mrs. Green, I will convene the committee this morning as ex officio chairman of the subcommittee. Mrs. Green will be here a little later, and perhaps Mr. Brademas. The first witness is Dr. Woodrow Strickler, acting president of the University of Louisville.

Come around, Dr. Strickler. We are glad to welcome you here this morning. I know that you have been carrying great burdens down there in recent months as acting president of a great university. From all reports you have been doing some outstanding service there for many years.

I am delighted to welcome you here this morning and we are delighted to receive your views on a most important piece of legislation, H.R. 15067, the Higher Education Amendments of 1968.

We will be delighted to hear from you, Doctor.

STATEMENT OF DR. WOODROW STRICKLER, ACTING PRESIDENT, UNIVERSITY OF LOUISVILLE

Mr. STRICKLER. Your words are very kind. I am grateful for them. I have had some other comments that have not been so kind in the past months or so but this is to be expected.

I am very much complimented by the privilege of appearing before this special subcommittee of the House Committee on Education and Labor. And, to Congressman Perkins, I bring special greetings from fellow Kentuckians.

I appreciate the fact that higher education has been well represented and well served by the individuals who have appeared before this committee during the past several weeks and have given their interpretation of the significance of higher education legislation, H.R. 15067.

I realize that there is little which I could add in the form of fresh or even novel concepts which might be helpful to you in your further deliberations.

I suspect that the only real purpose which I can serve is emphasize or reemphasize evaluations which you have already heard. Perhaps they will have some extra meaning as representing the point of view of an individual coming from an institution somewhat different from those represented by the individuals you have heard.

I represent the University of Louisville, an institution of some 9,000 students, an institution consisting of the schools including an arts and science college, engineering, law, medicine, dentistry, and so forth. It is an institution of longstanding with a founding date of 1790.

It is organized under a charter of the State, with a board of directors appointed by the mayor of the city of Louisville.

It receives financial support from the city, the county, and the State, but of only a limited amount in terms of its total budget. Student tuition, which is high (\$1,200 for county students, \$1,800 for those outside) accounts for over one-third of its income.

We represent, really, a dying type of institution, an institution which is so frequently identified as a municipal institution.

The Higher Education Facilities Act, the National Defense Education Act, and the Higher Education Act of 1965 have been of tremendous importance to an institution of our type.

The 5-year extension of these programs is essential to the healthy future of higher education in this country and to an institution such as mine.

In order to be selective in my thoughts and considerate of your time I should like to speak only of the new aspects of the act.

I should like to comment first about graduate education, and particularly as it relates to the Nation's future. In all of the interactions which exist among nations, it is essential to have a strong cadre of highly trained experts in all fields.

If we are struggling for the minds of men, we must have those who can create a viable society, and this means not only the scientist and engineer, but the social scientists, the humanist and the teacher.

Without such experts, no modern nation can survive, and the training of these people is what graduate education is all about.

It is the mechanism by which are produced the nuclear physicist, the organic chemists, the clinical psychologists, the mathematicians, the political scientists, the educators, the philosophers, the advanced scholars in every field who form the basis of expertise on which the future of this Nation must be based.

Graduate education may have its faults, but it is the only way we have yet devised to satisfy the basic needs for these indispensable people. For my kind of institution, one with a solid, but relatively small, and yet growing Ph. D. program, the provision of the bill concerned with the improvement of graduate schools is very important.

It is expensive instruction, but as one of only two institutions in the Commonwealth offering doctoral programs it is imperative that we continue to improve the quality and range of our work.

We are an urban institution, involved with the advantages, and at the same time, the tensions and stresses of an urban society.

The production of highly trained professional people is essential to urban areas if they are to continue to be the foundations upon which this country has risen to greatness.

The provision of increasing educational allowances to graduate schools brings to my mind the general problem of financing which faces higher education today.

It is a simple fact that a great number of institutions are having great difficulty in maintaining the quality of education they are presently providing. Each additional student increases the severity of the problem, each step forward in an institution's teaching and research program may well bring it closer to insolvency.

What is needed is comprehensive support for an institution's basic operational needs: funds for academic and service facilities, for instructional and research supplies and equipment, for those things which are essential to keep an institution in business.

Challenge or matching grants for new experiments are fine in theory, but they can be murderous in their effect upon the financial stability of a university.

The part in title IV which would provide intensive remedial and counseling services for the disadvantaged college student could have great impact upon our national social and economic scene.

As a matter of fact, the need for these services is not limited to the disadvantaged, in the accepted meaning of that term. I honestly believe that great numbers of our students today are quite uncertain as to why they are in college. To many I believe it is a matter of their pursuing education without purpose.

Here again, I feel that if the program were available to all students who have a need for this service, regardless of their disadvantaged status, a great contribution could be made to the economic, social, and political life of this country.

All institutions are aware of the need for these services, but all too frequently the press of other needs precludes their development.

The concept of sharing educational resources, as set forth in title VIII, is relevant to these days. It is becoming increasingly evident that the only way some colleges can remain in existence is by the process of pooling resources.

Certainly the only way many of them can continue to improve their quality is by joining forces to get maximum use out of their combined resources (plant, faculty, books, equipment) and to avoid duplication of facilities.

In my own community two colleges are combining this coming year and another may well be forced to seek an alliance of some sort in order to keep operating. This new title is opportune for a trend of increasing cost pressures which is becoming increasingly evident, if institutions will recognize its possibilities.

Title XII, "Grants and Contract To Strengthen and Improve Education for Public Service," has far-reaching possibilities for institutions such as mine located in large metropolitan areas.

It is inevitable that we become more and more involved not only in the training of people for public service, but in actual decision-making experiences. No urban university of any consequence in these complicated times can be without its urban studies center.

May I comment briefly about several other points relating to the future of higher education. The \$200 million allocated for 1968 college housing loans will be far from adequate. While the proposed rate

formula will undoubtedly cause some hardship, I feel compelled to recognize the fact that a ceiling of 3 percent in loans is unrealistic in today's economic scene.

I note many of my colleges will disagree with the points I am making here.

The difference between the rate of 3 percent and the going market rate must be borne by someone and I am inclined to believe that the student might properly accept a share of that responsibility.

A rate high enough to be competitive for those institutions which can issue tax-exempt bonds might well make it possible for the amount funded for 1968 to go much farther in meeting needs.

For those institutions not eligible to issue tax-exempt bonds a program whereby the Government would subsidize the difference between the Government-set rate and the going market rate would be desirable in order to make it possible for public and private institutions to borrow at comparable rates.

What I am saying, I suppose, is that the rate of 3 percent requires the Government to make a subsidy that is too great in our present financial market. Perhaps a rate of 4 to 4½ percent would be fairer with the Government guaranteeing the difference between that rate and the going market rate.

All sorts of legislation pending before the Congress is of concern to higher education in addition to such obvious bills as the College Housing Loan Act, the Economic Opportunity Act, the Student Loan Act. Even the act on the reproduction and use of copyrighted material in automatic systems for data processing may impinge on higher education.

Legal education has been excluded from current Federal programs supporting higher education. To remedy this, Congressman Celler introduced a bill on H.R. 13584 (90th Cong., first sess.) to create a National Foundation of Law.

Senator Dirksen introduced an identical bill, and Senator Tydings introduced one that is similar.

These bills were assigned to the Judiciary Committee rather than the one before which I am appearing, but because the National Foundation of Law Acts seek to include legal education in a meaningful way in the Federal higher education program, I want to mention it as deserving of support.

This vital piece of legislation already has the support of the American Bar Association and the Association of American Law Schools.

More Federal support is needed in dental education. Reliable projections of health manpower needs for the next 10 years far exceed the availability of professional and ancillary health personnel.

Federal legislation has partially met this challenge with the passage of the "Health Professions Teaching Facilities Construction Grant," the "Health Professions Educational Improvement Grant," the "Allied Health Professions Educational Improvement Program," and other health-related bills.

However, the closing of St. Louis University School of Dentistry for lack of operating funds is but one example of a serious defect in the health manpower effort. We need Federal support of legislation to meet the increasing operating deficit experienced by educa-

tional institutions charged with the responsibility of training the Nation's health professions personnel.

Let me summarize by saying H.R. 15067 is extending and enriching a program of Federal assistance that has been more successful in its operation than any of us in the business of education had ever even hoped for.

It has been well conceived and it has been well executed. We look forward to an even more significant experience in the next 5 years.

Thank you, sir.

Chairman PERKINS. Dr. Strickler, let me first compliment you on an outstanding statement. I think you have pointed up the great need for the legislation.

Now the bill proposes amendments to improve and strengthen the programs which you have so ably stated to provide support for students, for the construction of academic facilities and certain types of other programs and other services.

Now is the overall Federal involvement in higher education a well-balanced one or are there needs at your institution which are not being met by existing programs and programs to be established under this legislation?

Mr. STRICKLER. I think the programs are in a well-balanced order. I think I would emphasize that which all people in the business of education emphasize. That is the need for broad support of undesigned character in terms of purpose.

In other words, the problem facing my kind of institution, and it faces all others I think, is the business of meeting the day-to-day operating cost requirements.

For example, so frequently I think we provide aid for the student that is in terms of fellowship aid, scholarship aid, loans, and the like.

As I mention here almost every time a new student comes into the institution our problems become more severe.

Chairman PERKINS. On that particular point I know it has been mentioned over and over again before this subcommittee and suggestions have been made by various witnesses, first, the loan forgiveness feature of the NDEA student loan program be deleted and that the interest subsidy during the repayment period of the guaranteed student loan be deleted.

May I have your comments on these proposals?

Mr. STRICKLER. Yes, sir. I don't believe I would stress the need for deleting it. I might stress the need for modifying the period of time.

Chairman PERKINS. In what respect, would you say?

Mr. STRICKLER. I think at the present time the exemption runs for a period of 11 years. This is a fairly substantial period of time. In this day when a well-trained person has a chance to get generally a job of fair income, I doubt whether you would need this length of time. I would suggest 5 years.

Chairman PERKINS. Assuming that the interest subsidy were deleted, would it affect the student body at your institution?

Mr. STRICKLER. I don't believe so.

Chairman PERKINS. I have one further question. I know that one of the great objections that we have had over the period of years in enactment of legislation is the problem of late funding. This

legislation, of course, provides for advance funding. Related to this matter is the question of how many years the program should be extended.

How do you feel on this point and should we authorize programs for a long period of time or make them permanent?

Mr. STRICKLER. I am a man of compromise. I hesitate to make commitments for too long a period of time in almost every area because we live in a world of such rapid change. Again, I come to a point of compromise. We have had too short a period of time in viewing the future of this kind of assistance.

Chairman PERKINS. What tenure would you suggest?

Mr. STRICKLER. I talk in terms of a 5-year program.

Chairman PERKINS. Again, Dr. Strickler, let me compliment you for being an outstanding witness. You have been very helpful to this committee.

Mr. Quie, do you have any questions?

Mr. QUIE. I have only one on the guaranteed loan program, with reference to the breaking point; that is, the benchmark of \$15,000 adjusted gross income.

Just how does that fit into the observation that you have made outlining the need for a subsidized loan?

Mr. STRICKLER. I am sorry, I am not qualified to answer that question. I do not quite understand. Would you mind repeating it again?

Mr. QUIE. You know that the guaranteed subsidized loan program is for a person whose family has less than \$15,000 of adjusted gross income?

Mr. STRICKLER. Yes.

Mr. QUIE. Do you think that hard and fast benchmark of \$15,000 adjusted gross income in your area is an adequate figure? Do you think there ought to be more flexibility?

Mr. STRICKLER. I believe that if a benchmark is set, a benchmark that is a reasonable benchmark, a benchmark is helpful to have at this figure. I would prefer at the present time to continue to work with the financial aid officer.

Mr. QUIE. In other words, you would prefer to have the financial aid officer make that decision?

Mr. STRICKLER. Yes. I am in favor of this. My reason for taking this position is that I have noticed you could have and do have wide ranges of opinion among your financial aid officers.

I think in order perhaps to have the program operate in a steady manner, in a manner of fairness to the greatest number of institutions, some kind of benchmark is extremely helpful.

Mr. QUIE. How about the educational opportunity grants? Do you have statistics on the number that utilize them?

Mr. STRICKLER. No; I do not. It has been extremely useful to us. By the way, my financial aid officers tell me that it is a joy working with the procedure. The procedure is quite adequate.

Mr. QUIE. We prohibit the use of work-study money in matching EOG. I am confident, though that this committee will change that so that you can count on work-study money.

Do you think, in all cases, you will be able to find additional money to match the EOG money, if we still continued the limitation that it

would only amount to half of the students' needs, with the other half to be filled in another way—either through a loan or a private grant?

Mr. STRICKLER. We would have trouble in our area.

Mr. QUIE. I would not have difficulty getting this answer in some other parts of the country.

Mr. STRICKLER. We would have some trouble.

Mr. QUIE. Why do you say the municipal colleges are a dying type of institution?

Mr. STRICKLER. All you have to do is look around the country and see what is happening to them.

Mr. QUIE. Are they dying?

Mr. STRICKLER. That is not the proper choice of words. They are becoming another kind of institution. For example, you talk about the University of Houston, the University of Omaha, the University of Wichita, University of Kansas City, University of Cincinnati, all of them go struggling to get a broader basis of financial support.

In this day and age, this means moving into the State system of higher education. At the moment our legislature is meeting and we have a resolution in that legislature asking that the University of Louisville be brought into the State system.

If I may say, frequently lawmakers do something out of the goodness of their heart and spirit but it increases difficulty for the institution.

For example, we have always had support for our medical and dental schools in part from the State. In this present legislature, the budget included a \$2 million increase in our appropriations for us but it was based upon the principle that we reduce our tuition rate so that we save \$2 million.

So here we are with a \$2 million increase in appropriations but we are in a much worse financial bind now because we are simply substituting one form of income for another and we are not in a position to raise our tuition to meet increased costs for next year.

So we are going to have to do some negotiating on this because otherwise I can't make a budget next year. It is wonderful for the students because it means that the tuition has dropped from \$1,200 to \$900 a year. It is terrible for us.

Mr. QUIE. That is all. Thank you.

Chairman PERKINS. Did I understand you to say that you were having trouble with the guaranteed loan program in Louisville at your institution?

Mr. STRICKLER. No, we are not having trouble.

Chairman PERKINS. Do you feel that the fee that is being proposed is reasonable?

Mr. STRICKLER. Yes, sir.

Chairman PERKINS. Or do you feel that it would make it work better at your institution?

Mr. STRICKLER. I asked my financial aid officer yesterday by telephone what his reaction was on this. He said he would have no objection to this. He thinks it is perfectly all right. I am not acquainted with the details of the the operation.

Chairman PERKINS. Have you been somewhat disappointed with the participation of the banks up to the present time that serve your institution and students?

Mr. STRICKLER. Yes, we have. We find negotiations are complicated, perhaps more complicated than we hoped they might be. This has resulted in delay in the negotiations of the loans. I think it is a matter of education.

Now we have moved forward in more recent times in a much more workable way.

Chairman PERKINS. Do you feel the fee will accelerate or encourage the banks in making more loans to the students?

Mr. STRICKLER. I can't make a judgment on that.

Chairman PERKINS. You cannot make a judgment?

Mr. STRICKLER. No; I cannot.

Chairman PERKINS. But you suggest to the committee that this provision be retained notwithstanding in the long run it may cost more money because of world conditions at the present time and because it will open up a source of worrying for the youngsters now, the college students now, that could be suspended when world conditions improve?

Mr. STRICKLER. That is right.

Chairman PERKINS. Would that be your thinking or not?

Mr. STRICKLER. That is my thinking. This is the reason why, for example, I even will go along with the raise in the basic rate of interest from the 3-percent figure to a higher figure.

I am not saying that this is something that we will always continue to accept, that is the challenge of competitive bidding rates.

But with the severity of the world situation and the calls for service and funds from our Government at the present time, I would be willing to make this share of sacrifice.

Chairman PERKINS. Thank you very much, Dr. Strickler, for a good statement.

Mr. STRICKLER. Thank you, sir.

Chairman PERKINS. Mrs. Green hopes to be here a little later this morning. She is tied up in an important conference at the present time.

In the meantime, the clerk of the committee will see if he can get Mr. Brademas or someone else to preside. I have to make arrangements to get down to Kentucky, myself, this morning.

Will Dr. Luke Lamb, Director of the Educational Media of the Oregon State Board of Higher Education, and John Witherspoon and James Fellows come around.

Who is the chairman of the panel?

STATEMENT OF JAMES FELLOWS, DIRECTOR OF RESEARCH AND DEVELOPMENT, NATIONAL ASSOCIATION OF EDUCATIONAL BROADCASTERS

Mr. FELLOWS. I am, Mr. Chairman. My name is Fellows.

Chairman PERKINS. Identify yourself for the record.

Mr. FELLOWS. Mr. Chairman, I am James Fellows, Secretary of the National Association of Educational Broadcasters and Director of its office of Research and Development.

Mr. Witherspoon and Mr. Lamb have prepared testimony which has been submitted to the committee and we have abridged it on the assumption that the full testimony will be in the record.

Chairman PERKINS. Without objection, your testimony will be inserted in the record as prepared.

Mr. FELLOWS. Mr. Chairman, the NAEB is the organized professional association of institutions and individuals engaged in areas of educational radio and television in the United States.

Its membership consists of universities, colleges, public and private schools, and nonprofit community corporations which operate or hold construction permits for 170 educational radio stations, more than 150 educational television stations, and over 200 closed-circuit television systems and program production centers.

Its membership also includes individuals who are classroom and studio teachers, producers, directors, technicians, and researchers involved in educational application of radio and television.

The NAEB enthusiastically endorses the concept of networks for knowledge that is articulated in the amendments to the Higher Education Act.

This is an important and explicit initial response to the President's suggestion on the occasion of signing the Public Broadcasting Act of 1967.

He said:

We must consider new ways to build a great network for knowledge, not just a broadcast system, but one that employs every means of sending and of storing information that the individual can use.

The entire concept of educational "networking," the full range of interconnection, from broadcasting to computers is expanding very rapidly.

Under sponsorship of the U.S. Office of Education, the NAEB conducted in 1965-66 a study of the potential for an educational communications system. The central thesis of the NAEB's educational communications concept is that electronic communications systems designed for institutional cooperation reach optimum efficiency if they are multiple-purpose facilities rather than separate, unrelated technical arrangements.

Within the framework of that study, the State of Oregon has developed plans for an ultra-State educational communications plan, and the Committee on Institutional Cooperation of Midwest Universities has established the basis for a regional plan.

My two colleagues, Mr. Witherspoon and Mr. Lamb, will provide additional information about the basic components and concepts of the study.

Individual States are giving serious study to information networks designed for multiple-purpose use. Among current developments are those in Texas, Minnesota, Indiana, Iowa, Illinois, Missouri, and New York.

The establishment of the Joint Council on Educational Telecommunications, of which NAEB is one of eight constituent members, was a direct outgrowth of the NAEB's educational communications system study; the development of the Inter-University Communications Council, known as EDUCOM, paralleled the NAEB's study and both projects have been mutually beneficial.

Regional associations, such as the Southern Educational Communications Association provide further evidence that this is an increas-

ingly prominent area of concern and development among educational institutions.

What is most encouraging about these developments is that they suggest that educational use of electronic communications is being seen both as a means for improving current practices and as a means for implementing desired procedures that could not be undertaken with customary traditional patterns of organization, administration, and deployment of personnel.

By affording the means, electronic communication technology provides the opportunity to implement new and different procedures, concepts, systems, organization, and administrative structures.

Technology is not a solution in itself but it aids in establishing a new framework in which educational needs can be confronted and resolved.

The NAEB's position and its support of networks for knowledge are based on two assumptions.

1. It is not financially feasible for each educational institution to provide high-quality instructional materials in all topics and in all subjects that it is called upon to offer.

2. It will therefore be necessary to share human and material resources among institutions according to their institutional requirements and educational needs and without limitation of geographic contiguity.

These assumptions, while broadly stated, underlie the need to chart a legitimate place for educational technology in dealing with broad educational problems. Their implications affect institutional management and educational opportunity. They require the effective implementation of modern communication techniques, and not merely the addition of them, and they indicate that academic chauvinism is incompatible with educational excellence as the dominant goal and characteristic of 20th-century education.

Networks for knowledge have no particular value in themselves, but are important because of what they enable institutions to do.

They can make it possible to implement and strengthen other portions of the Higher Education Act. Properly designed, communications systems that enable institutional cooperation can be used for library training, research, exchange of library resources, strengthening developing institutions, providing instructional materials, and language development all of which are important elements of the present efforts in Federal assistance to higher education.

Apart from the inherent strengths of the proposed amendment to the Higher Education Act providing funds for the basic development of networks for knowledge it is also important to recognize that this part of the act supports and reinforces other decisions made by the Congress with regard to the effective use of technology for meeting educational, cultural, and social objectives.

It is important, therefore, that the present proposals be seen in the context of the Public Broadcasting Act of 1967 which authorizes funds for educational television and radio facilities, a corporation for public broadcasting and a study of new instructional uses of radio and television to meet increasing demands for educational quality and opportunity. The components of the Public Broadcasting Act are, in prac-

tical terms, prerequisites to networks for knowledge. For without the capacity to develop and produce materials there will be little of value to interconnect.

Educational broadcasting is not only a matter of providing cultural programs for the educated audience, it is a matter of extending the school curriculum beyond the school and into the home.

Professional education, vocational development, literacy education, inservice training for teachers and school administrators, and other fundamental educational needs have been dealt with by educational stations.

We would urge, therefore, that nothing in this legislation should be used to prevent grants which include the interconnection of broadcast facilities. It is, in fact, one of the central advantages of an educational communications system to embrace whatever television and other communications services need to be shared among institutions, without regard to whether the last step in reaching the viewer or consumer is made by open- or closed-circuit transmission.

Our experience shows that institutional cooperation facilitated by radio and television broadcasting stations is frequently not only a valid means of sharing educational resources but, in some instances the only means. Much has been learned in many areas around the country in this regard.

Broadcast radio and television are important partners with closed-circuit television systems in providing the most flexible arrangements for sharing resources and should not be omitted from this important development.

Although networks for knowledge is a comparatively new idea, the fact of the matter is that through traditional means such as the automobile, the bus, and the mail system, there is already an extensive history of institutional cooperation.

Networks for knowledge can greatly advance and accelerate this cooperation. They can make it a functional and structural part of developing colleges and universities and they can enable cooperation among institutions that have more in common than geographical location in the same or nearby communities.

This will be only a first step, which through endorsing the principles of institutional cooperation and providing demonstration dollars, will move forward an understanding of what it is possible to do, even with existing technological resources.

Future steps will involve education at other levels which can receive benefits of institutional cooperation in the same manner and through the same facilities as those envisioned for higher education. Training centers in industry and the military could also benefit from cooperation and sharing among instructional personnel and resources.

The present amendment for networks for knowledge proposes institutional exchange of educational resources. Specifically books, materials, library collections, catalogs, and so forth, are cited for sharing on an electronic basis through computers and other systems.

At present, legislative hearings on the copyright law are attempting to identify ways in which copyrighted materials may be used in just such networks.

The House has passed legislation in copyright which would exempt instructional use of materials for broadcasting but would severely restrict them for computer linkages.

The Senate is considering identical legislation.

In the meantime, the Senate has passed a bill establishing a study commission for the specific purpose of reviewing computer materials so that legislation can be developed several years hence which will take care of copyright materials with particular reference to computers.

The House presumably will hear this matter and make its decision.

In the meantime, the knowledge network provides for the exchange of materials while the proposed revision of the copyright law (unless it is amended) restricts use of these materials.

It is important that the basic conflict in the two positions be resolved in favor of the expanded use and opportunities which are made available through the application of modern communication technology to today's educational dilemmas.

Mr. Chairman, I would like to turn our presentation over next to Mr. John Witherspoon.

STATEMENT OF JOHN WITHERSPOON, MANAGER OF BROADCASTING SERVICES, SAN DIEGO STATE COLLEGE, CALIFORNIA, ON BEHALF OF NATIONAL ASSOCIATION OF EDUCATIONAL BROADCASTERS

Mr. WITHERSPOON. Mr. Chairman, I am John Witherspoon, general manager of KEBS television and radio providing educational broadcasting service to San Diego from San Diego State College. I am board chairman of the National Educational Radio, Division of the National Association of Educational Broadcasters.

In the context of today's discussion perhaps my most relevant qualification is that between 1964 and 1966 I directed the educational communications system project of NAEB under a grant from the Office of Education.

The findings of that study lead me to support strongly the Networks for Knowledge Act which is before you today.

This act is rooted in the idea of interinstitutional cooperation, and that is also the foundation of the ECS study. A few words about the project may help lend perspective to my own testimony and to the act itself.

The educational communications system project is a four-phase need and feasibility study to examine the establishment of a network of multipurpose electronic interconnection for American colleges and universities.

The four phases are:

I. A brief examination of the state of institutional cooperation and interconnection.

II. A personal interview survey of approximately 50 colleges and universities throughout the country, in order to learn the views of administrators and faculty members concerning the need for electronic interconnection.

III. The design of three model systems or networks that would test some of the ideas derived from phase II and examine more clearly the communication requirements of academic institutions in selected areas.

IV. Experimental operation of phase III models. Phase I and II were completed in March 1965. Phase III was reported in October 1966. Phase IV awaits funding.

The educational communications system project is part of a growing complex of such developments. Interconnected networks for educational broadcasting are operating or are in advanced planning stages in approximately 20 States.

Under the impetus of such developments as Project MAC and Intrex at MIT, time-sharing computer techniques demonstrate the wisdom of interconnections for computer use.

Projects such as Medlars at the National Library of Medicine obviously tend toward interconnection. The work of Educom—the Inter-University Communications Council—likewise underscores these developments.

Within the educational communications system idea, our major technical premise was that more and increasingly valuable communication services might be feasible if transmission facilities were used on a multipurpose basis, shared where necessary.

In phase III, technical and administrative designs were developed for three model systems, or networks for knowledge. Participating institutions included several of interest to members of this subcommittee.

One objective was to cover several kinds of institutions within one State. This intrastate model was developed in association with the Oregon State system of higher education, and it involved all institutions in the system.

A second objective was to plan for coverage of major institutions scattered over a broad region. This design was in association with the member institutions of the Committee on Institutional Cooperation, the Big Ten Universities and the University of Chicago.

Among these, of particular interest to members of this subcommittee, are Indiana University and Purdue in Indiana, in Illinois the University of Illinois and the University of Chicago, in Michigan the University of Michigan and Michigan State, and in Minnesota the University of Minnesota.

The third model system, or network, was aimed at the idea that universities would find it valuable to communicate more effectively not only with each other, but also with institutions having related interests, such as research laboratories of various kinds, major research libraries such as the New York Public, and major research museums such as the Smithsonian.

Working closely with us in this effort was the Eastern Educational Network, our Nation's leading regional educational television network, and the then president of the network, Donald Taverner of station WQED, Pittsburgh, was a member of our advisory committee.

With regard to the purposes of the act before you, our major finding might be simply that there is increasing acceptance of interinstitutional cooperation, and that ideas like this will be welcomed enthusiastically by many colleges and universities.

Of about 50 colleges and universities in all parts of the country visited by the ECS survey team, not one expressed serious reservations about the idea.

Second, the Networks for Knowledge Act may properly be seen as a companion of the Public Broadcasting Act of 1967. It is worth

noting, as Mr. Fellows did, that the term "Networks for Knowledge" was first used nationally on November 7 of last year.

The President included the idea in his remarks on the signing of the Public Broadcasting Act at the White House. On the following night, Leonard Marks, the Director of USIA, developed the idea of a worldwide information grid. The occasion was the convention banquet address before the National Association of Educational Broadcasters.

In connection with the previous point, it should be recalled that title III of the Public Broadcasting Act provides for a major study of the uses of electronic educational telecommunication media in the United States. This study should certainly be taken into account in the development of projects based on the Networks for Knowledge Act.

This partnership with the Public Broadcasting Act is weakened somewhat by the fact that the present act provides for establishment and joint operation of closed-circuit television or equivalent transmission facilities.

Certainly the modern university does not stop working at the boundaries of its campus, nor is it limited particularly to broadcasting by television.

We recommend that the sense of section 801(b) (4) be broadened to include establishment of joint operation of educational broadcasting transmission facilities.

The intent of such a change would be to avoid artificial barriers between modes of transmission; the important thing is the job at hand, and not whether a signal is delivered by cable or by conventional broadcast transmission.

With regard to modes of information exchange, we should also point out a section of the act that is likely to be subject to considerable stress. That is section 801(b) (7), which provides for such other projects as in the judgment of the Commissioner will promote the purposes of this title.

The act specifically mentions television and computer networking.

In conducting the educational communications system project, however, we found a number of educational requirements that probably call for teletypewriter, or facsimile, or audio transmission, or slow-scan television, or electrowriter techniques, all of which may be valuable and all of which are much less expensive than television or computers.

We would anticipate a number of projects along these lines, and all would serve the purposes of the title without being responsive to those parts of the legislation that deals with specific techniques or specific hardware.

I want to invite your attention now to a major and highly relevant part of the educational communications system study. This is the premise that networks for electronic transmission should be utilized fully. Among universities there is little point to establishing a computer network and a broadcast network and various other kinds of networks.

Within appropriate technical limits, the network, if you will, has no interest in the kind of electronic information that is transmitted on it. A high-speed computer network, for example, has about the same technical requirements as a television network.

Given proper terminal hardware, a high-quality audio network can as well transmit a large number of ordinary voice channels and even

more teletype channels. It seems to us that simple logic and economy require that transmission channels be used fully.

It must be observed, however, that this approach is at variance with the traditional tariffs of major common carriers.

By and large, the carrier does not lease facilities; he provides a specific service, such as telephone or teletype or facsimile or television or data transmission, although the carrier himself may well carry these separate services on a common transmission system.

The educational communications system approach, in effect, is to ask carriers to provide transmission capacity in bulk form, to be used in a number of alternate modes which are under the customer's control.

There are various other anomalies in the traditional common carrier tariffs, and they should eventually be worked out. The key restriction, however—the provision of multipurpose circuits under control of the educational user—could be addressed by this subcommittee.

It may be recalled that a similar step was taken in the Public Broadcasting Act, a portion of which specifies that preferential rates may be provided to educational broadcasters under common carrier networking tariffs.

Thus far, I have pointed out that the logic of the Networks for Knowledge Act goes beyond those items that are specified in the wording. While recognizing that the present act has reference only to higher education, we should point out that networks for knowledge must eventually include elementary and secondary education as well.

It is to this area that most instructional broadcasting is addressed; it is in these schools that major instructional uses of computers are being explored; it is in elementary and secondary classrooms that the most crucial problems of American education are found.

The networks for knowledge idea has great application to elementary and secondary education, and in the long run should not be artificially restricted to higher education.

Similarly, the principle extends beyond our national borders, as the President and Mr. Marks both stressed in their introduction to the concept.

I should comment briefly on section 801(c), which contains restrictions on the use of project grant funds. The gist of this section is to provide that the costs of terminal hardware at participating institutions shall not qualify for project grants.

The idea that the individual institution should have a material commitment and financial stake is a good one, and terminal equipment is generally a good place to attach such a proviso.

Some thought should be given, however, to the fact that we are dealing with techniques that are just now being explored. It is not always obvious what constitutes terminal equipment, and there may be times when unusual and valuable projects should include terminal equipment.

To write the present restrictions into the bill may well hamper some future development. It seems to us that it would be better to include such principle in the legislative history and future administrative guidelines, so that specific adjustments may be made more readily to accommodate changes in the state of the art. This is an area which is changing very rapidly.

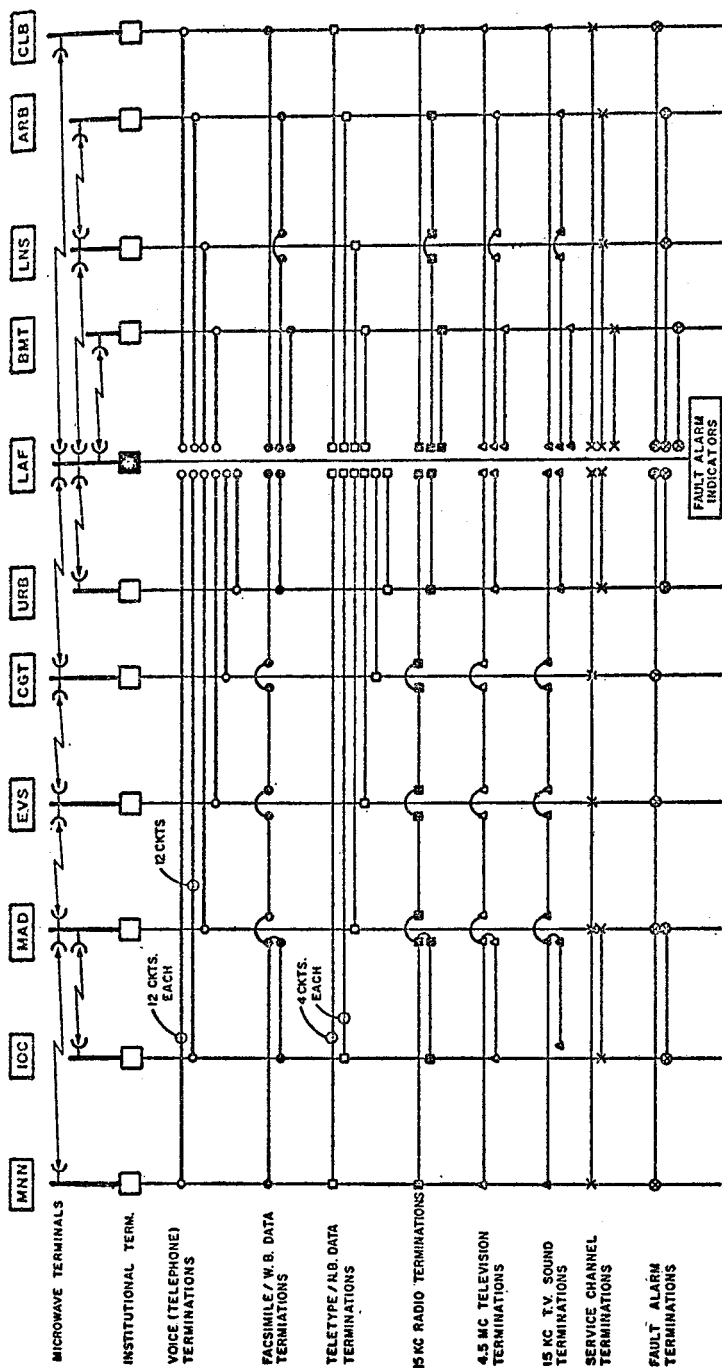
And one final comment. You have before you legislation that is wisely conceived. Properly funded, it can be of great importance to American education and the society as a whole. But while the concept of networks for knowledge is relatively new, it is not entirely unexplored.

A substantial amount of conceptual work has been done, and a few operational projects, including the new Indiana Higher Education Telecommunications Network, are beginning to make use of existing knowledge. The funds authorized here should be used for operations and for development, and not for multiple reinventions of the wheel.

May I add my voice to those who urge passage of this important and imaginative legislation.

Thanks very much for the opportunity to discuss these ideas with you today.

(The diagrams accompanying the statement are as follows:)

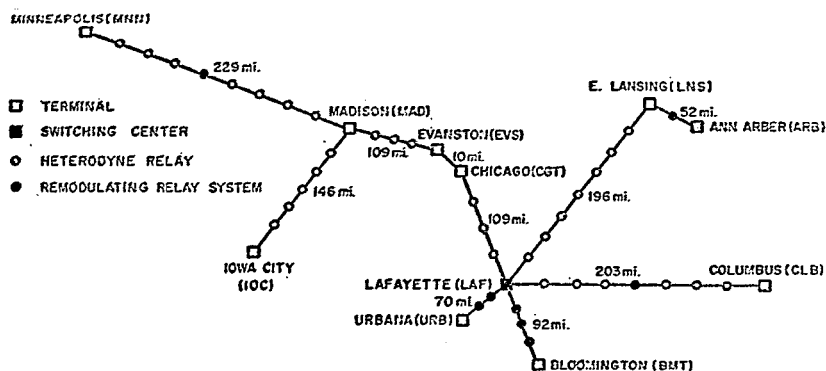


NOTE:

□ = INSTITUTIONAL TERMINALS

◻ = SYSTEM CONTROL / SWITCHING TERMINALS

MIDWEST SYSTEM CHANNELIZING DIAGRAM
FIGURE 12

**SUMMARY:**

Six end terminals
 Three thru terminals
 One three-way terminal

One five-way terminal
 Nine remodulating repeaters
 Thirty heterodyne repeaters

MIDWEST MICROWAVE SYSTEM
FIGURE 13

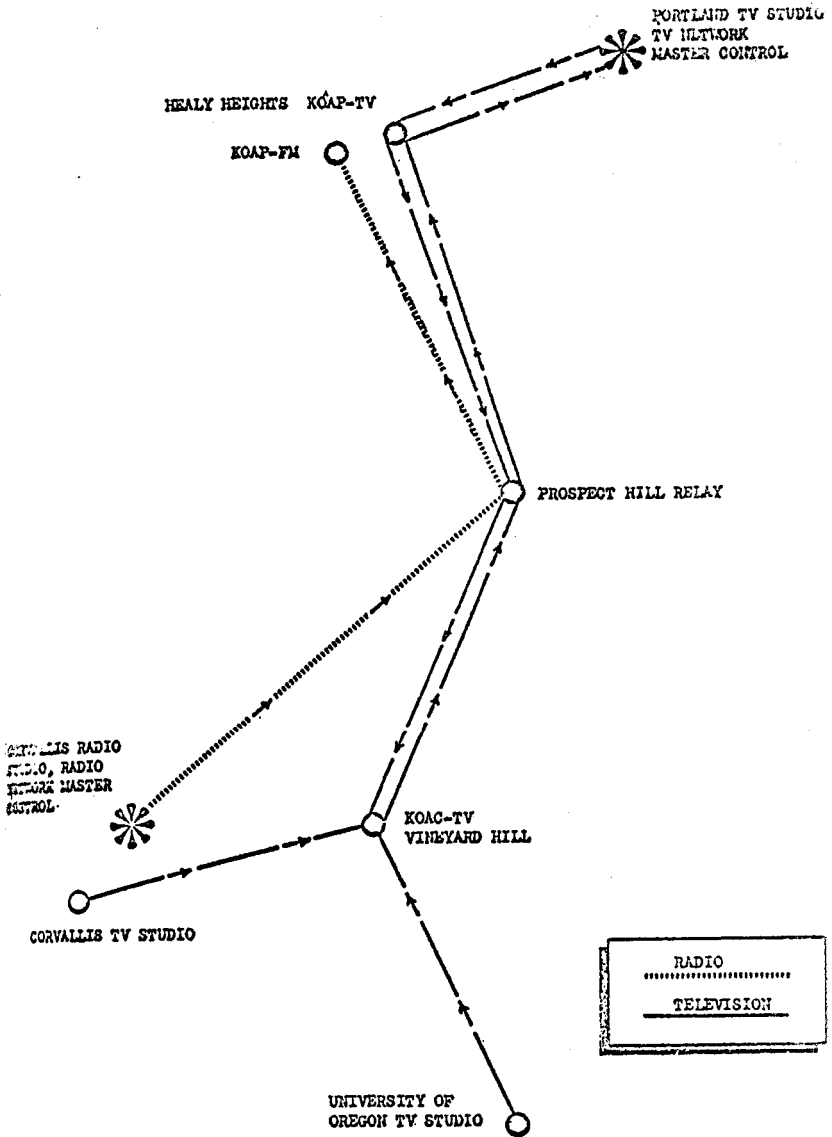


FIGURE 30: EXISTING OREGON EDUCATIONAL BROADCASTING MICROWAVE ROUTES

Mr. WITHERSPOON. Our final panelist is Dr. Lamb of Oregon.

STATEMENT OF DR. LUKE F. LAMB, DIRECTOR OF EDUCATIONAL MEDIA OF THE OREGON STATE BOARD OF HIGHER EDUCATION, ON BEHALF OF THE NATIONAL ASSOCIATION OF EDUCATIONAL BROADCASTERS

Mr. LAMB. Mr. Chairman, my name is Luke F. Lamb, and I am director of educational media for the Oregon State System of Higher Education.

I am also president of the Western Education Network and a member of the Board of Western Radio & Television Association. I am responsible for administering for the Oregon State Board of Higher Education the educational television and radio networks of the State and the State film library.

An additional responsibility under my jurisdiction is that of electronic communication information coordination among the institutions of the Oregon State system. I am responsible to the vice chancellor for continuing education of the Oregon State system.

The two radio and two television stations currently in our State network are members of the National Association of Educational Broadcasters. We join with the NAEB in endorsing the networks for knowledge amendment in H.R. 15067.

Oregon participated with the NAEB in 1965 and 1966 in conducting a study of the potential uses of electronic communications systems under a grant from the U.S. Office of Education. The majority of my statement will deal with some of the specifics we discovered as part of the Oregon study.

It is encouraging to note that the networks for knowledge proposal will supplement and reinforce previous legislation such as the Public Broadcasting Act of 1967 and its predecessor the Educational Television Facilities Act of 1962.

It seems most important to me, as someone involved both in educational broadcasting and the broader area of electronic information exchange among institutions of higher education, that nothing in this legislation should prevent grants from including the interconnection of broadcast facilities.

Oregon has been able through some of the previous legislation to improve its broadcasting facilities, and I would hope that under the proposed networks for knowledge amendment that we would be able to broaden and encourage interinstitutional cooperation through interconnection as well as continue to upgrade our broadcasting service capabilities.

I should also point out that although we are heartened and encouraged by the networks for knowledge proposal we are concerned that this new program not detract from the adequate funding of legislation passed during the last session of the Congress.

As a specific example, we are already planning to request funds for Oregon in both the radio and television areas under the Public Broadcasting Act of 1967 and it is in our earnest desire that this legislation be funded at the authorized levels.

Let me explore specifically some of the areas in which the networks for knowledge amendment would allow us to provide some of the interconnection services already requested by the institutions of higher education in Oregon.

Oregon was one of three models studied as part of the educational communications system study already described by Mr. Witherspoon, conducted during 1965 and 1966 by the National Association of Educational Broadcasters under a contract from the U.S. Office of Education.

The total findings of this study are reported in a document titled "Educational Communications System: Phase III" Project No. 450A, Contract No. OE-5-16-014, October 1966.

Phase III of the project consisted of designing three model systems that would test some of the ideas derived from earlier phases and examine more closely the communication requirements of academic institutions in selected areas.

Oregon was the site of the intrastate model of the study which gathered information from the Institutions of the Oregon State System of Higher Education, and worked closely with other branches of State government, private institutions and elementary-secondary education.

The results of the Oregon study led to the conclusion that there does exist in the Oregon State System of Higher Education a need for more effective means of educational communication, both for administration and for instructional uses.

The smaller components of the Oregon State system particularly expressed a need to be in closer touch with larger institutions, not only for administrative functions, but also to avail themselves of greater instructional potential through access to larger centers of academic activity.

The system of electronic interconnection designed and proposed by the ECS study would initially link the nine institutions of the State system of higher education and the State capital.

In addition to the already existing radio and television networks, the system was designed to meet the following specific requirements:

1. Permit libraries to exchange materials and information, particularly graphic materials, more rapidly and more efficiently.
2. Allow administrative offices in the Oregon State system of higher education to be in more direct contact with each other.
3. Provide for exchange of instructional information such as lectures, course segments, and demonstrations, so that faculty members would have access to a broader range of resources and the opportunity for greater utilization of teaching capabilities.
4. Extend the capability of the office of independent study, division of continuing education, to provide lecture and other course information to individual enrollees.
5. Expand transmission capabilities for intercampus use of electronic data processing equipment in research activities and administrative functions.
6. Allow for individual faculty access, probably through departmental offices, to the educational communications system for a variety of transmission and reception uses.
7. Include the Capitol Building at Salem in the basic interconnection system in order to expedite appropriate liaison activities.

Some of the devices contemplated for use on the proposed intercommunications system were:

1. Facsimile.
2. Teletype.
3. Dataphone.
4. Tele-lecture/electrowriter.
5. Slow-scan TV.

In sum, the educational communications system intrastate model was designed with the intent of aiding and encouraging effective communication, using whatever medium is appropriate, throughout the Oregon State system of higher education and with related State government activities.

Unfortunately, phase IV of the ECS project, which provides for the experimental operation of the phase III models, has not yet been activated as there has been no identifiable source of funding.

The proposed networks for knowledge amendment would provide funds for this purpose, and I would hope that activities which have already been designed and researched as I have outlined would receive early consideration for funding under this legislation.

Notwithstanding the advantages of coordinated development of electronic communication systems, we found in Oregon that many projects were conceived, funded, and developed using one or more methods of electronic communication, without consultation or coordination with similar, related, or even duplicative projects.

Realizing that phase IV of the ECS project was temporarily stalled, and having updated our survey of communications activities as of the spring of 1967, we recommended and had approved by the institutional executives of the Oregon State system of higher education the establishment of an electronic communications information coordinator.

This position, locally referred to as the "common desk," provides for a continuous gathering of information on electronic information projects within and without the State system of higher education and feeding it back to the institutions so that everyone is aware of similar projects and opportunities for sharing.

We see this as an interim step to the activation of a total communications system able to provide for all of the needs of the potential users.

Perhaps it would be helpful to you to have some examples of projects currently going on in one State under various agencies and under various support systems.

All of these examples are using some sort of electronic interconnection for educational communications purposes, and most would be served by the ECS model I described earlier at a much more optimum use rate of facilities.

1. A tele-lecture and electrowriter system for teaching graduate engineering courses between Oregon State University at Corvallis and students in the city of Portland.

2. Interconnection of regional colleges with the Oregon State University computer center for shared-time computer use.

3. Interconnection of the Pine Mountain Observatory in central Oregon with the computer on the University of Oregon campus in Eugene.

Other projects in the planning stage are:

1. Interconnection of all computer centers within the State system of higher education.
2. Central data processing for elementary and secondary schools of the State.
3. State library information system.
4. Interconnection of various television and radio facilities on the campuses of the State system of higher education.

Survey work that was conducted with faculty during phase III of the ECS project pointed out an interesting consideration. The instrument that most faculty reported that they would be willing to use is the telephone. We determined that this was due in large measure to the fact that it was the most familiar and readily available device.

My point here is that familiarity breeds acceptance, and it would be unfortunate if an electronic intercommunications system at each end were excluded.

Much of this equipment is still experimental and it might be difficult to determine at this point what is terminal and what is not, the intent is valid but the administration might be difficult.

I would encourage also a broad definition of "institution" to include central boards or other coordinating bodies. It is often through groups such as these that cooperative sharing projects are generated, and it is usually through such groups that operation of cooperative projects is most easily facilitated.

Although most of the testimony I have presented has dealt with one State it is important to note that the capabilities of interconnecting with other similar State electronic communication systems enhances the potential of each facility.

I appreciate the opportunity to present these views, and I am confident that the committee will produce another bill to assist us in improving the quality and quantity of educational opportunity.

Mr. BRADEMAS (presiding). Thank you very much, gentlemen. I appreciate a great deal your thoughtful statements. I hope you will understand that the absence of other colleagues on the subcommittee this morning is in no way an indication of the lack of interest in your comments but very often the subcommittee system, at least of this committee, is so busy that it is as if we had a network against knowledge for the members of the subcommittee.

So I will go ahead and fire several questions at you and invite your comments.

I think it is fair to say that members of this subcommittee are probably less familiar with the substance of the kinds of proposals that you are discussing here today, programs with which you are involved, than other areas that are touched by this bill.

So if some of my own questions, and I don't think I am unusual in this respect, seem rather basic, I hope you will indulge me.

What would you say is the principal distinction between the networks for knowledge proposal and the Public Broadcasting Act of 1967?

Mr. FELLOWS. Mr. Chairman, I think that the distinction is one of dimension and depth. It seems to me that the Public Broadcasting Act specifically authorizes construction, it provides funds for educational

radio and television facilities. It sets up a wholly new corporation for the development of program support for public broadcasting.

In title III it authorizes the Secretary of HEW to conduct a study of the ways in which radio, television and related communication technology can be used to meet some of the basic educational problems that we are confronting at various levels and elements of our society.

The networks for knowledge proposal is an extension of that in many respects. It provides ways in which material may be broadcast or may be disseminated through statewide closed-circuit systems or may be disseminated through a variety of display techniques.

It can be interconnected. I think it probably relates more to the structural and overall academic program of institutions of higher education at this point than the Public Broadcasting Act does but I do not see them as competitive or as conflicting proposals.

It seem to me they are very much related.

Mr. BRADEMAs. Would you contemplate that the persons in charge of operating the programs that would be funded under the Public Broadcasting Act, of a particular college or university, would be the same person charged with the responsibility for carrying out programs under the Networks for Knowledge Act?

Mr. WITHERSPOON. Mr. Chairman, I would guess this would vary considerably from place to place.

In Dr. Lamb's situation, for instance, the answer is very likely yes. In the case of many institutions, however, the Networks for Knowledge Act would serve areas which are touched rather little by broadcasting activities per se.

For example, one of the most exciting possibilities is in the area of libraries, the future of library science. This is an area in which those of us who are specifically involved in broadcast media may or may not have responsibility, depending on the individual institution.

Mr. BRADEMAs. I mention this because I can see many opportunities for conflict as well as cooperation. I am struck by what you have said about libraries.

A couple of years ago I attended the Brasenose College, Oxford Conference on the Automation of Libraries. I was much struck there by the considerable work toward automating libraries that is being done by the Library of Congress in this country, by the British Museum, and by the Universities of Oxford and Cambridge and some others. But I don't have the impression at all that anything like this kind of effort is being undertaken by the major research libraries and universities in this country.

Mr. WITHERSPOON. Mr. Chairman, I might suggest that a subsequent set of witnesses before you this morning representing the Inter-University Communications Council, have done substantial work in this field and you might wish to address that question to them.

Mr. BRADEMAs. All right.

We are talking about interinstitutional cooperation. Would you say something about the kinds of institutions that would be involved? For instance, are we talking about cooperation on the part of State universities and small private church-related colleges?

Are we confined only to institutions of higher education or are we wiring in elementary and secondary schools, junior colleges, technical

institutes, private industries that may have some kind of training component in some of their undertakings, museums, art galleries?

There is only an \$8 million authorization in this title. What do you have in mind?

Mr. LAMB. I would say that everything you have described is the optimum. As far as Oregon, if I can use that as an example because I am more familiar with that, the study we did there WECS was limited for this very reason, to the State system of higher education which consists of nine institutions, universities, medical schools, regional colleges, teacher institutions, and so forth.

We found one of the greatest desires was for the smaller colleges to have access to the larger schools to take advantage of either their computers or their larger staff, or what have you.

Mr. BRADEMAS. What concerns me when I raise this question is that in any given State of the country where you may have one or two or three major land-grant universities, with very great power, with very great political power in the State legislature, along with the small private colleges or even smaller public institutions, there may be no consideration whatsoever given to the needs of the smaller institutions. The major ones can then eat up all of the money and those institutions who, because they are smaller and less affluent and thus less able to maintain major libraries and very expensive faculty, are, therefore, in greater need of the fruits of this kind of network, may be left by the wayside.

What do you say to that?

Mr. WITHERSPOON. In the study which we conducted in phase II we addressed ourselves to this kind of question by deliberately visiting with colleges and universities of various sizes.

It is true the study was restricted to institutions of higher education. We found that the smaller colleges and universities by and large have a contrary view, that they have great needs in the areas of library resources, for example, in the area of access to modern computer machines, in the possibilities that exist in administrative recordkeeping of various kinds done on common systems and they see this idea as an economic benefit.

I think the question you raised is one that does need to be kept in mind but I would say that our experience so far has not indicated it is a major point.

Mr. BRADEMAS. You know, the big fish eat the little fish. Do any of you other gentlemen have comments on that? I am not fully persuaded by what you have said. I know that in many States, there are all kinds of tensions between the major land-grant universities and the smaller colleges.

Indeed, I should think this pattern is repeated clear across the United States.

Mr. LAMB. We are exceptionally fortunate in Oregon in that we have an organization in the State called the State coordinating council which brings together not only the public institutions but the private institutions in the community colleges so in one focal point we can work this way.

In one study we did make with the ECS in Oregon, we did cooperate with the private institutions. Some expressed great interest in it. We

kept it to State systems because it is all within one border and rather easily controlled in a demonstration situation but we did not exclude the thinking or even involvement eventually of the private institution.

Mr. FELLOWS. I would like to reinforce that, Mr. Chairman.

It seems to me when the opportunity is there to facilitate cooperation we find that the institutions are much more likely to undertake it. Some of us have just come back from some work in West Virginia where three relatively small church-related colleges and two relatively small parts of the State system of higher education in West Virginia, which are in a geographical working area, within a 30-mile radius, are attempting through a communications system to work together to provide some courses that each one of them can offer, which they are called upon to offer.

I think the problems are becoming severe enough that some of the old lines of authority are becoming less meaningful than they used to be and the institutions are becoming aware of the fact that they simply will not survive, as the opening witness said, unless they can work out ways to cooperate in many of their activities.

Mr. BRADEMAs. Some months ago, Commissioner Howe made a widely quoted speech in which he warned the manufacturers of electronic, audiovisual, and other forms of teaching equipment, that they had to give greater attention to software and not be carried away with a preoccupation with hardware.

To what extent do people like you make an effort, as you develop the use of such equipment, to wire into your thinking the people who are doing the actual thinking? Or to what extent is there a great divide wherein they really are not sure what you are up to and you are not sure what they are up to because you are so preoccupied with putting the new equipment together?

Do I make myself clear?

Mr. WITHERSPOON. As a practical fact, many of us are the same people. It is true that many of us are specializing in one area or another. But a considerable number of people at RCO have crossed lines back and forth several times along the way.

As a working matter in the development of software, which is what we generally are doing, we work very closely with people who are actually involved in classroom work and in the development of learning theory.

Mr. LAMB. There is also a situation where you are working with new technology here or innovation. You sometimes have a difficult time communicating with faculty about what it is you are talking.

We have a theory called critical mass. You have to reach a certain point of availability of material before they even know what you are talking about.

In our experience in Oregon in a study we did, in a survey of faculty, we found that the thing they would be most interested in using is the telephone.

It was primarily because it was there, it was easy to use and they knew what it was about. Before you get them to use new technologies you have to make that available to them and then they will use it.

Yes, certainly, this is involved.

Mr. BRADEMAs. I have two other quick questions.

What about the amount of money involved here? I really don't know but I would have thought that a program of the kind supported by this title could cost far greater amounts of money than the \$8 million figure we have in the bill.

Mr. FELLOWS. I will start answering the question. I agree with you. I think ultimately that will be so. I think what is needed now is what Dr. Lamb suggests, and that is a comprehensive demonstration of what is possible to do with the networks for knowledge concept. Within that framework I think it is fair to say this is perhaps a reasonable beginning.

Mr. WITHERSPOON. To reinforce your point, Mr. Chairman, I can give a specific example. After having worked a couple of years on the education communications system idea under the Office of Education grant which we had, we came up with a report that includes a number of technical options. If one were to go for the most sophisticated of the options all along the way and execute this in its entirety it would use just about the amount of money you propose for the first year. That is an overstatement in some ways.

Of course there are ways and means of dealing with projects in their execution. But the fact of the matter is that the idea here is by far the most important part in the establishment of a trial so that we can develop this facet of education.

Mr. BRADEMAS. Are you getting significant cooperation from the State legislature and State government in providing funds for State universities to encourage your institution's cooperation?

Mr. LAMB. I can speak to this specifically. Once again we are slightly unique in Oregon in that we have one board of higher education for all the nine institutions. Yes; we do get significant support at the present time. Most of the institutions of the State system are interconnected right now by telephone, the telpac system.

It is conceivable many of the things we are talking about here with the addition of some new terminal equipment might be facilitated on the existing interconnection. This, of course, increases each time. Some of the specifics I mentioned in my testimony, of course, are going on right now.

Unfortunately, one man has a line over here and another man over here, and they may not know the other one exists. We are trying to overcome this at the present time.

Mr. BRADEMAS. This is the reason I raise the question. I realize that Oregon may be particularly strong in the field of higher education. I only observe that I would think it would be persuasive with Congress if one could demonstrate that there is increasing support on the part of the State governments for programs of this nature, as I know there is in my own State of Indiana, for example.

Mr. WITHERSPOON. I was about to say, Mr. Chairman, your own State is now developing an educational communications network and is leading a movement which is also going somewhat more slowly in adjacent States. My guess is that one great use of the Networks for Knowledge Act would be to encourage these various State groups to get together and make common uses of their resources across State lines as well as within.

Mr. FELLOWS. Mr. Chairman, I might suggest for the committee NAEB could submit a list of the State authorities and commissions

that have already been established that will move in this direction of educational communication.

Mr. BRADEMAS. That will be very helpful.

Thank you very much gentlemen. Your testimony has been very useful indeed. We appreciate your coming.

Mr. FELLOWS. Thank you.

Mr. BRADEMAS. Our next witness is Harry G. Green, president of the Phillips Business College, Lynchburg, Va.

Mr. FULTON. Mr. Chairman, we also have Mr. Murray T. Donoho, president of the Strayer Junior College.

STATEMENT OF HARRY G. GREEN, PRESIDENT, UNITED BUSINESS SCHOOLS ASSOCIATION; ACCOMPANIED BY RICHARD A. FULTON, EXECUTIVE DIRECTOR AND GENERAL COUNSEL, AND MURRAY H. DONOHO, PRESIDENT, STRAYER JUNIOR COLLEGE, WASHINGTON, D.C.

Mr. GREEN. Mr. Chairman and members of the committee, my name is Harry G. Green. I am president of Phillips Business College of Lynchburg, Va. For more than 30 years I have been associated with business education in independent schools, but my interest has not been limited solely to private or independent education. I served for more than 10 years on the Lynchburg school board and for 7 years as its chairman. Currently I am serving on the Lynchburg Interracial Commission and the Lynchburg Urban Development Committee.

Presently, I am serving as president of the United Business Schools Association which is the one association of educational institutions in which some 500 of the quality business schools and colleges of this Nation hold membership. The roots of UBSA go back more than half a century to 1912. However, many member institutions have been serving students for well over a hundred years.

UBSA itself is an affiliate of the American Council on Education. Administrators and teachers in our schools hold membership in a variety of professional organizations such as the National Business Education Association, the American Personnel & Guidance Association, and the American Vocational Association.

Also, by way of background, the Accrediting Commission for Business Schools, a professionally independent body, was founded in 1953 by UBSA. It was designated in 1956 as a "nationally recognized accrediting agency" by the U.S. Office of Education. In that capacity, it has accredited more than 325 independent educational institutions after careful review and inspection.

It is on behalf of the students enrolled in these accredited schools that we appear today.

We are here to talk about a very large and important problem which continues to confront a relatively small number of students. They are the approximately 15,000 to 20,000 needy students in this country who, for a variety of reasons, choose to select independent proprietary institutions of education rather than public or nonprofit institutions.

Today, there are a variety of specialized Federal programs designed to aid students and in all of which the principle of eligibility to attend accredited proprietary schools is long established. Attached as exhibit

No. 1 is a list of these 20 programs providing financial benefits for students in specialized categories such as war orphans or social security dependents. However, needy students in accredited proprietary schools are currently ineligible to participate in the three major programs designed for needy students; namely, national defense student loans, educational opportunity grants, and work-study programs, which up to this time have not been made available to our accredited students.

The only broad-based across-the-board program for which they are eligible today is the guaranteed loan program. It should be noted, however, that the guaranteed loan program, as Commissioner Howe pointed out in these current hearings to this subcommittee, is designed "to assist middle-income families" who have bank credit. Students enrolled in accredited proprietary business, trade, and technical schools come predominantly from families of a lower income socioeconomic background.

Thus they continue to be excluded from the very programs which are designed to help students in need. They only have access to the guaranteed loan program which is admittedly designed to help middle-class students.

Our statement in this series of hearings is rather short because of the detailed testimony presented to the subcommittee last year on H.R. 6232 and H.R. 6265. It begins at page 245 of the hearings of April 27, 1967. We pointed out that there are some students, a small percentage of the total student population, who feel they are better served by getting an education in their community at an accredited proprietary school. The present exclusionary language of the educational opportunity grants, national defense student loans and work-study programs denies these needy students from getting the aid which they need to further their education.

We recognize the difficulty in trying to describe the merit of the programs offered in independent accredited proprietary schools and the special needs which they meet without appearing to challenge the predominant and overriding role of the public vocational institutions. But some students do choose these independent schools for a variety of good reasons and with satisfactory results. Historically these schools have been a small but important complement and supplement to the mainstream of educational effort. We think they will continue to make this contribution in such a role.

Attached as exhibit 2 is a reprint from the April 1967 issue of the USOE publication *American Education* that discusses why some students choose proprietary schools and quotes some student answers. The article also refers to a report of research financed by the Office of Education with the Stanford Research Institute which discusses proprietary school operations. An excerpt from that SRI report is attached as exhibit No. 3.

I would like to make it very clear that we are not asking this committee to make a value judgment or a choice between the relative merits of independent versus public education. All we are asking is that you open up an additional avenue of opportunity for some needy students who, from our experience, we know can be well served in accredited proprietary schools.

After research on thousands of students in business schools, the former president of American Personnel & Guidance Association, Dr. Kenneth B. Hoyt, concluded that there should be no special commitment to any particular post-high school educational opportunity by saying:

A counselor's proper function is to supply students with an understanding of opportunities and then to help the student arrive at his own decision. A good high school counselor should not feel a special commitment to a business school, a junior college, a public vocational school, or any other type of post high school educational opportunity. In discussing educational opportunities, the good counselor seeks only to communicate accurate information to the students. The student should be the primary decision maker.

I call your attention at page 17 of the bill to the proposed language for section 400.(a) of the student assistant title. Under the statement of purpose clause it points out:

It is therefore the purpose of this title to provide substantial assistance to students in order that no student of ability will be denied an opportunity to develop his talents because of financial inability to meet basic higher education costs.

Your bill proposes to consolidate the administration of the three programs of financial aid to needy students which I have been discussing. Furthermore, under the proposed new definitions limited to part A in section 410, at page 46 of the bill, the measure already recognizes the needs of students in accredited proprietary schools insofar as it proposes to give them this freedom of opportunity with respect to the work-study program. We ask you to grant these students the same freedom of opportunity for the educational opportunity grants and the national defense student loans.

This provision is admirably drafted so that it continues the distinction between aid to students (including those in accredited proprietary schools) and aid to the institution itself. Clearly what we seek here is to aid students only.

Consistent with the purposes which I have just cited, what we urge today is that the definition at page 46 be expanded to include the remaining two programs as well; namely, the national defense student loan program and the educational opportunity grants program. To accomplish this purpose, may I suggest the following very simple change in the bill:

"At page 46, line 5, strike 'Work-Study' and insert after the word 'program' and before the comma, 'authorized by this part'."

In closing, let me state that we feel that we are asking this committee to do, that is, to open up access to educational opportunity grants, national defense student loans, and the work-study program is completely consistent with the stated purposes of the measure itself and of the testimony of the Commissioner of Education.

Thank you for this opportunity.

Mr. BRADEMAS. Thank you very much, Mr. Green.

I have a couple of questions.

You use the phrase in your testimony that independent accredited proprietary schools represent a small but an important complement to the mainstream of our educational effort.

Can you give me any generalization on the percentage of enrollments in such schools as distinguished from enrollment in public vocational schools?

Mr. GREEN. We have approximately 125,000 in the accredited sector of the proprietary schools. Now that does not give you a percentage.

Mr. FULTON, do you have the figures?

Mr. FULTON. Mr. Chairman, at the last count there were 80,000 approximately full-time students, and about 40,000 part time. Of course not all of these people need access to these programs. We did testify on this narrow point last year. It was our estimate that possibly, since these people come from predominantly lower income families, the factor might be a little higher than the normal college student. I think they use a 5-percent figure. We tend to think it might run as high as 10 percent.

Mr. BRADEMAs. In any event, it is rather small compared to the total?

Mr. FULTON. We feel it is.

Mr. BRADEMAs. As I understand it, you are now in the vocational student loan program.

Mr. FULTON. There is the eligibility for it. But after 3 years, according to the Office of Education, January figures, I think 877 loans were made or another figure I get is 1,600, but the eligibility is there. But many of these people come from families that just don't have bank credit.

Mr. BRADEMAs. What you are really asking is that students who are to attend independent accredited proprietary schools be allowed to take part in the NDEA program and the educational opportunity grant program, and in the work-study program.

Mr. FULTON. That is right, sir.

Mr. BRADEMAs. As I understand it, in the proposed bill before us, and I speak now with respect to the work study program, if we amended the bill to allow your students to take part in the work-study program, the students would have to work in some area other than for your school. Is that correct?

Mr. GREEN. Right.

Mr. FULTON. That is completely in sympathy with the philosophy that you are not aiding the institution. We think there are some terribly interesting productive work-study programs in hospitals, legal aid centers. This sort of thing.

Mr. GREEN. This has been going on for the 30 years that I have been in this field in this phase of education. Many work studies that would be comparable to this have been in existence.

Mr. BRADEMAs. I think you have given a very clear picture of your proposal. Just speaking for myself, it seems to me to make a certain degree of sense. Thank you very much for coming this morning.

Mr. GREEN. Thank you.

(Documents submitted by Mr. Green follow:)

UNITED BUSINESS SCHOOLS ASSOCIATION, WASHINGTON, D.C., JANUARY 8, 1968

From: R. A. Fulton.

To: Federal Legislation File.

Re: Involvement of *proprietary* business schools with Federal programs relating to education which provide: (a) "Under Contract" training, or, (b) financial aid to students without discrimination to the student by reason of the corporate structure (i.e. public, nonprofit, or proprietary) of the school.

(A) "UNDER CONTRACT" TRAINING

1. *Vocational Rehabilitation Act of June 2, 1920, as amended, 29 U.S.C. 31 et seq.*
2. *Manpower Development and Training Act of 1962; as amended, 42 U.S.C. 2571; P. L. 89-792*
3. *Indian Adult Vocational Education; 25 U.S.C. 309, 452, 823 (c)*
4. *Economic Opportunity Act of 1964; as amended, 42 U.S.C. 2701 et seq; P. L. 89-794*
5. *Government Employees' Training Program; (P. L. 89-554) 5 U.S.C. 4101-4118*
6. *Economic Development Administration (P. L. 89-15) 42 U.S.C. 2583*
7. *Veteran's Vocational Rehabilitation, 38 U.S.C. 1501-1511*
8. *Vocational Education Act of 1963; P. L. 88-210; Sec. 8(1)*
9. *Social Security Title II, Public Welfare Work Training Programs (AFDC) P. L. 90-248*

STUDENT FINANCIAL GRANTS, LOANS OR TAX BENEFITS

- *10. *Social Security Student Dependents; P. L. 89-97; See Sec. 202 (d) (8) (C),*
- *11. *F. E. C. A. Student Dependents; P. L. 89-488; See Sec 10(M).*
- *12. *Railroad Retirement Student Dependents; P.L. 89-700; See Sec. 5(1) (I).*
- *13. *Student Dependency and Indemnity Compensation for Veterans Children; 38 U.S.C. 104, 414(c).*
- *14. *Civil Service Retirement Student Dependents; P. L. 89-504; 5 U.S.C. 2251-2268; See Sec. 2251(j) and Sec. 2260, and P. L. 89-554; Sec. 8341.*
- *15. *War Orphans Educational Assistance; 38 U.S.C. 1701 et seq.*
- *16. *Veterans Readjustment Benefits Act of 1966; P. L. 89-358; See Sec. 1652 (c).*
17. *Vocational Loans to Indians; 25 U.S.C. 471.*
18. *Vocational Loans to Eskimos; 25 U.S.C. 479.*
19. *National Vocational Student Loan Insurance; P. L. 89-287.*
20. *Income Tax Deduction for Student Dependents; 26 U.S.C. 151(e) (4).*

[American Education, April 1967, Vol. 3, No. 4, Published by Department of Health, Education, and Welfare, Office of Education, Washington, D.C.]

THE JOB'S THE THING

Why do so many young high school graduates—more than has generally been suspected—pass up low-cost public education to go to proprietary schools?

Stanford Research Institute investigator Edward A. Podesta put this question to proprietary school students in a survey of vocational education planning in Santa Clara County, Calif., funded by OE's Cooperative Research Program.

"Here I don't have to bother with English composition, physical education, history or science," said a girl enrolled in secretarial training. "I spend all of my time on business courses, and after all, that's what I need for a job."

Time (course length and ease of enrollment), placement service, individual attention, and relaxed classroom atmosphere were other major reasons mentioned

Podesta explains: "Students begin classes when they want to and get to work much sooner than in public schools where they see courses added 'to drag out the time.' They feel the early paychecks compensate for high study costs."

Instructional programs were similar to those of public schools, Podesta found. Students felt, however, that proprietary school teachers were "closer to the job market, more aware of conditions, better able to help them find jobs."

[An excerpt from Final Report, Contract No. OE-5-85-068]

SUPPLY AND DEMAND FACTORS AFFECTING VOCATIONAL EDUCATION PLANNING

(A Methodological Study in Santa Clara County, Calif., October 1966, U.S. Department of Health, Education, and Welfare, Office of Education, Bureau of Research, Stanford Research Institute, Menlo Park, Calif., Pages 44-45.)

*Outright grants of money paid monthly direct to student.

PROPRIETARY SCHOOL OPERATIONS

The following discussion briefly summarizes the salient features of proprietary school activities, which are covered in more detail in Appendix B. On the basis of enrollment data, it appears that the proprietary schools might be making a more substantial contribution in instructional areas that are also in the public school domain than had been suspected. The effectiveness with which these schools prepare students for employment and place graduates in jobs could not be assessed with any high degree of confidence, but fragmentary data indicated that the majority of students from certain schools had little difficulty in finding employment related to their training.

Since it appeared that most students in the proprietary schools could meet the admission requirements of the junior colleges or the evening adult education programs, one must ask why an individual would invest a substantial sum for a study program that was also being offered at no charge in a public institution. Students most frequently mentioned time convenience and course content in explaining their decision to enroll in a proprietary school program. They observed that they usually could start class within a week after enrolling, and that the course length set completion within a relatively short period of time—less than a year and often under six months. They pointed out that the curriculum was entirely skill-oriented and free of what they considered to be nonessential subjects. Finally, many students mentioned placement service, believing that the school's continuation as a commercial enterprise would depend on the degree to which its students were successful in securing employment after training.

The detail developed on instructor educational background and employment experience suggests that most proprietary school instructors could satisfy the basic qualifications for teaching assignments in those public school vocational programs that do not require a general education teaching credential. Yet, the teaching experience reported by most proprietary school instructors seldom included a public school affiliation; and, similarly, few public school teachers indicated that they had proprietary school teaching backgrounds. Further investigation into the characteristics of proprietary school teachers might provide some rationale for this apparent lack of interest on the part of each teacher group for employment in the other's field.

The operation of a number of these schools as vendors in local, state, and federal government-sponsored training program suggests that they might also represent a potential for expansion of public school vocational programs, particularly in areas of short term or modest student demand.

Dr. BRADEMAS. Is Dr. Meaney here?

Dr. Meaney, I am particularly pleased to welcome you this morning, one of my constituents, and a member of the faculty of one of the greatest universities in this country, the University of Notre Dame.

STATEMENT OF DR. JOHN W. MEANEY, PROFESSOR OF COMMUNICATION ARTS, AND ASSISTANT TO THE ACADEMIC VICE PRESIDENT FOR EDUCATIONAL MEDIA; ACCOMPANIED BY HAROLD WIGREN, PRESIDENT OF THE JOINT COUNCIL ON EDUCATIONAL TELECOMMUNICATIONS, UNIVERSITY OF NOTRE DAME

Dr. MEANEY. Thank you, Mr. Chairman.

I am accompanied this morning by Dr. Harold Wigren, who is president of the Joint Council on Educational Telecommunications.

Mr. BRADEMAS. Thank you. We are glad to have you here. If it is any reassurance to you, you will be pleased to know that the very able adviser who sits on my right here and who serves our whole Committee on Education and Labor with great skill as its associate general counsel is a graduate of the University of Notre Dame, Mr. William F. Gaul. So you are among friends.

Mr. WIGREN. Thank you, Mr. Chairman.

Dr. MEANEY. My name is John W. Meaney. I am a professor of communication arts and assistant to the academic vice president for educational media at the University of Notre Dame. I am also a board member of the Joint Council on Educational Telecommunications, Inc., in which I represent the American Council on Education. Perhaps it would be well to explain briefly what the Joint Council on Educational Telecommunications is and how its membership is made up.

The JCET has, as its constituent members, the American Association for Higher Education, the American Association of School Administrators, the American Council on Education, the Council of Chief State School Officers, the National Association of Educational Broadcasters, the National Association of State Universities & Land-Grant Colleges, the National Education Association, and National Educational Television. JCET serves its members, and all of American education as a coordinating agency by which education may keep abreast of the growing opportunities provided by telecommunications technologies, and by which industry, Government, and the public may be apprised of education's interests and needs in this area.

It is most appropriate, therefore, that the Joint Council on Educational Telecommunications concern itself with the proposals for the establishment of networks for knowledge which are now before this subcommittee, and I am happy to be here today as a representative of the JCET in order to give the support of this organization to the concepts which these proposals embody.

There is a growing recognition, as these proposals evidence, that telecommunications technologies provide vastly wider opportunities for interinstitutional cooperation than have heretofore been feasible. The idea of interinstitutional cooperation is not new, but in the past it has often been slow to develop in practice—probably because it has seemed to go against the grain of many of our institutional traditions and patterns.

In our pattern of budgeting, for instance, it is generally easier and more acceptable to all concerned to give priority of attention to inter-institutional programs rather than to those that are interinstitutional in nature. Perhaps this kind of traditional fact in higher education makes it all the more appropriate to consider now a possible Federal program such as Networks for Knowledge aimed specifically at the stimulation of interinstitutional cooperation.

Certainly the new technology now available reduces practically to insignificance the physical difficulties of such cooperation. We used to have to move people to the information wherever it existed, and that posed a serious problem for many institutions which were geographically rather isolated. Now we can move the information to people and eliminate much of the travel problem. Small colleges can seek the aid of the leading scholars, scientists, and teachers in the fields of their interests, wherever they may be.

The developing institutions can gain intellectual reinforcement for their programs, not only from their own State universities but from other established institutions as well. Consortia can be implemented which transcend geographical limitation and are based solely upon the common interests and goals of the member institutions.

The JCET strongly endorses the idea represented in the networks for knowledge amendment but wishes to point out to the subcommittee

certain qualifications and emphasis which it feels ought to be taken into account, primarily in the administration of such a program.

First of all, one of the basic conclusions that we have drawn from our observation of earlier educational media support programs at the Federal level—such as the National Defense Education Act, title VII, program for research on new media—is that software is far more important and should have higher priority than hardware.

In terms of the networks for knowledge proposal this experience would suggest to us that it would be very easily and rapidly possible to set up new electronic links between institutions but that these interconnections might not be very efficiently used until the institutions had had the time to plan and prepare within their departments the input and use of exchange materials. Of course there is something of the chicken and egg problem here. How do you stimulate exchange and cooperation until you have the network which makes it possible, and, on the other hand, how do you set up a network unless you first of all have evidence of a readiness for exchange and cooperation? It seems to us that the resolution of this problem would lie in an initial program emphasis on the planning function. Such an emphasis might well extend through much of the 5 years proposed.

Secondly, there is need for a maximum flexibility in the administration of such a program. In this fast moving technological field it is impossible to anticipate and specify by name all of the new media that may make an important contribution within the next 5 years. Some of them are probably not even on the drawing boards yet. Therefore, we feel that two of the most important lines in the draft legislation are those which provide for the planning of "such other projects as in the judgment of the Commissioner will promote the purposes of this title."

Such discretionary authority to promote the purposes of the title could and should, we assume include the utilization of other media and combinations of media, in addition to television and computers. It should include authority to work out cooperative projects not only among institutions of higher education but wherever a valid community of interest seems most likely to get the job done. Some network arrangements should perhaps include, besides colleges and universities, any school systems libraries, museums, State, county, or national agencies, and research laboratories of private industry which are willing to bear their part of the matching fund expense and thus further reduce the cost of participation per institution.

It seems to us appropriate that the networks for knowledge proposal be considered as an amendment to the Higher Education Act of 1965 because our institutions for higher education seem to be ready, willing, and able to take leadership in this type of development. They have important facilities to share. They are showing increasing interest in interinstitutional cooperation. They have a constantly deepening commitment to participate in the affairs of the communities they serve. Therefore, we urge the Congress to begin here, to place this building block as the cornerstone upon which can be constructed a full network knowledge which will have the capacity not only to connect the junior college with the university, but the high school with the college, the kindergarten with the school of education, the hospi-

tal with the medical school, municipal services with those of other cities, rural villages with the opera house, and each with the other—a network for knowledge which will eventually serve not only higher education but all of the health, education, and welfare needs of our Nation.

Furthermore, with the facilities provided by such a network and the presently available technology of the satellite, it should be possible and within the discretionary authority of the Commissioner to plan for the interconnection of this network with those of other nations in order to create the kind of world knowledge network to which the President made reference in his state of the Union message last January.

Mr. BRADEMAS. Thank you very much, Mr. Meaney. Yours is a most helpful statement. There are three things that stand out in your statement to me. They are, first, your stress on the importance of software; second, your emphasis on careful planning; and third, your concern that institutions that are not necessarily colleges and universities be brought into the network.

I think this question of planning is especially important and I would hope, speaking for myself, that if we can get any money for this title, at the outset, we put stress on the planning.

In this connection, let me raise a couple of questions with you in rhetorical form. Would it not be essential for colleges and universities who are interested in taking part in such a network to make an inventory of their own resources in terms of faculty, in terms of curriculum, in terms of student body as well as in terms of equipment and facilities; not only at their own institutions but clear across the State or region which would participate in any proposed network?

I would have thought that kind of inventory or self-evaluation would be essential, otherwise, you would not know what it was you wanted to do.

Would you make any comment on that and then maybe make a comment on the extent to which this kind of planning is already going on in the hope that we will move in this direction?

Mr. MEANY. I can specifically for two States. Last year I was codirector of a feasibility survey for a State network, telecommunications network in Texas, and at the present time I am in the State of Indiana overseeing the development of this network.

In Texas I found that with a minimum amount of study funds from our coordinating board for higher education, only \$20,000, approximately, we could make only a very surface kind of survey to determine the interest of the institutions around the State, public and private, in such interconnection possibility.

The kind of in-depth survey that you are referring to that would get reactions from departments, from faculty, inventory equipment, on the local campuses, and so on, is exactly the kind of planning function that should be done but which requires more money than was available in this instance in Texas.

Now in the State of Indiana more funds were available. As you know, the legislature provided \$600,000 for the biennium to begin this telecommunications network. The leading thinkers in this development at Purdue, at Indiana University, have done more of an

indepth survey of the cities at the State institutions. However, they have not had time or funds as yet to extend such a survey to the private institutions.

I would hope that from such legislation as this there might be made available funds for this kind of planning and survey, particularly at private institutions which do not have access to State funds.

Mr. BRADEMAs. Once that kind of planning is undertaken within a State, how do you decide what institutions take part and in what particular fields? What kind of decisionmaking apparatus do you have for this end, secondly, what kind of administrative arrangements would be necessary to maintain such an interinstitutional program?

Dr. MEANEY. The actual activity of making such decisions has not yet come about. We are not at that state. In Indiana particularly the facilities are available to do more than is yet being asked to be done. There will come a time when some choice will have to be made and some priorities set. At the present time there is simply a rule of thumb that we try to do what seems to be best to include as many institutions as possible.

In the Texas situation, the plan that we developed there addressed itself to this problem through a structure which we called the Texas Educational Communications Commission. This would be a body set up with representatives of the Texas education agency and the coordinating board for higher education. It would allocate time on such a network and take just this problem into account, assuming of course always, very careful attention to the numbers of students involved in each particular proposal and allocation of time.

Mr. BRADEMAs. It just occurred to me that the third point you made in your statement with respect to involving other institutions such as municipal government or hospitals or whatever in such a network, is perhaps directly related to the principal purpose of title I of the Higher Education Act of 1965, the Community Service Title, because one outgrowth of a network for knowledge of this kind could be that you would help provide local governments, let's say, with very badly needed technical and professional and expert advice that otherwise might be unthinkable for them to purchase because they could not afford it.

Dr. MEANEY. That is right, and access to large computers.

Mr. BRADEMAs. Thank you very much for a most interesting statement, Professor Meaney.

Mr. QUIE. Professor Meaney, I have only one additional question. How do you get a "handle" on the cost of a survey of materials that they could share, and on the planning phase? You said Indiana appropriated \$600,000. How far did that go?

Dr. MEANEY. This is being expended primarily at the present time for lease of interconnection facilities from the telephone company, connecting campuses together, Purdue, Indiana University, and the medical center in Indianapolis. Legs of this network are being extended to other regional campuses of the State as well.

The amount of money planned for this kind of survey activity is, I believe, usually based on—well, the number of institutions in the State, how far apart they are, how much travel money would be needed to send a person around to see the local situation and talk

to key people on the campus, staff money required to prepare the survey instruments and so forth, projects of such figures on a State basis.

Mr. QUIE. Do we have a breakdown available from Indiana?

Dr. MEANEY. We can send you information regarding that telecommunications network. Are you specifically interested in the budget breakdown?

Mr. QUIE. Yes; I think I would get a better idea about this.

Dr. MEANEY. I will request that it be sent.

Mr. WIGREN. I think one of the previous witnesses, Dr. Witherspoon, had this as part of his telecommunications system study that was done in Oregon. I think that was considered as part of it, if I remember correctly.

Mr. QUIE. Is that included as a part of his testimony?

Mr. WIGREN. I don't think it was in the testimony but I think this would be available through the NAEB if it was needed.

Mr. QUIE. It would be interesting to see that.

You ended up, I believe, Professor Meaney, at the end of your statement, if I remember correctly, on the international aspects, sort of a world knowledge network. I know some of the universities have a relationship with a university in another country. Is there anything being done on that, that you know of to develop that kind of network?

Dr. MEANEY. I don't know of any specific plans at the moment to connect this with European institutions but I know that there are some plans underway with Latin American institutions, coordinating developments of library and curriculum.

Mr. QUIE. Learned societies and research groups and so forth get together on an international basis.

Mr. WIGREN. UNESCO has some exploratory work going on in this field through its mass media unit. Also they have had some satellite conferences recently which have touched on this as well as some conferences on the whole business of copyright.

As was mentioned earlier, this is one of the most serious parts of the whole exchange possibility because, you see, if you don't have the kind of copyright law that will permit exchange of materials one with the other without putting undue restrictions both in obtaining the lease of these materials and paying the cost of this, then you are in a bit of trouble.

Another bill that is being considered right now by the House, of course, is H.R. 2521 and the copyright revision bill, sets up some areas and sections of the bill that would be very detrimental to this legislation here that we are considering today.

In other words, in a way it is inhibiting legislation to this particular bill that we are talking about.

Mr. QUIE. Have you people sent in testimony to that committee?

Mr. WIGREN. Yes, we have.

Mr. QUIE. Those are all the questions that I have at this time.

Mr. BRADEMAS. Thank you very much, Professor Meaney and Mr. Wigren.

Dr. MEANEY. Thank you, Mr. Chairman.

Mr. BRADEMAS. Our last witness is Dr. Joseph Becker, accompanied by Mr. James Miller of Educom.

STATEMENT OF JOSEPH BECKER, DIRECTOR OF INFORMATION SCIENCES FOR THE INTERUNIVERSITY COMMUNICATIONS COUNCIL, INC.; ACCOMPANIED BY DR. JAMES MILLER, VICE PRESIDENT OF EDUCOM

Mr. BECKER. My name is Joseph Becker; I am director of information sciences for the Interuniversity Communications Council, Inc., usually known as Educom. First, I want to express our gratitude for the privilege of appearing here today to speak to you about title IX of H.R. 15067—the Networks for Knowledge Act of 1968. This is a matter which is closely related to Educom's own focus of attention.

Next I want to describe briefly the background and work of our council. It is a voluntary consortium of universities whose function, in its broadest concept, is to facilitate the extra-organizational communications of its members through multimedia, resource-sharing networks. It now has 88 members, with over 260 campuses distributed throughout the United States and Canada. Educom was conceived and incorporated in 1964 by the deans of the medical schools of six leading universities. They were deeply concerned with the problem of providing continuing education in the health sciences field in the face of the proliferation of information, but they immediately realized that their own problems were universal and that the solution lay in the improvement of intercommunication for the purpose of sharing resources.

As the volume of information and raw data increases both in published literature and from research, it becomes clearer that no one university can hope to store an adequate representation of it in its own traditional form of library or even in its modern data banks. Educom's role is to give its members options for sharing their resources, whether they be printed pages or the ideas of faculty members through every form of useful communications network—from the transfer of books by station wagon to the exchange of data in digital form by linked computers.

There are already many local, State, and regional groups responding to the challenge and seeking intercommunication to fill their specific disciplinary or functional needs, and you have heard about some of them this morning. Yet, the overall need for the external communications of the university to supply the many specific needs remain unplanned. It is in this area that Educom hopes to function.

We have already made a start on this program through our research activities; for example, one of our projects is a study of the entire range of biomedical communications, which will result in recommendations to the National Library of Medicine for a systems design to meet future needs. Another is a study of the exchange of agricultural information involving land-grant colleges and universities, their libraries, and the National Agricultural Library. A third approaches the problem of transmission of material from libraries to remote users in digital form, in comparison with its transfer in graphic form. We also have plans for working with universities to develop a beginning educational information network—a network for knowledge. The basis for this planning is contained in a book, Edunet, which resulted from a summer study session held at the University of Colorado, Boulder, Colo., in 1966. I have brought several copies of the book along, and

I will leave them for the members. The substance of the volume is in such accord with the apparent intent of title IX that other testimony along those lines on our part would be superfluous.

It may be helpful, however, if, as a representative of Educom, I try to point out areas of economy which should encourage the passage of the Networks for Knowledge Act, and bring to your attention some areas of questionable language which may make its administration difficult if and when it is passed into law.

Industry has long found that it is frequently necessary to "spend money in order to make money." At a time when the national economic posture makes it necessary to cut back expenditures in many programs, we feel that the money provided under title IX can well be spent "in order to make money."

By providing a means of tying university resources together so that the whole becomes greater than the sum of the parts, by reducing duplication, by marshalling the available means to meet the increasing educational needs of our country, and by providing an organizational umbrella under which intelligent broad planning can be done. The Networks for Knowledge Act will, we believe, insure the reasonable growth of our systems in size and quality at minimum cost. The wording of the bill is specific enough to make us aware that the committee must already understand these things, and we need not dwell on them further.

Turning to the question of wording, we would like to draw the subcommittee's attention to some possible need for clarification. On page 94 starting with line 9, we find:

(c) (1) Grants pursuant to Clause (B) of paragraph (3) OF subsection (b) may not be used to pay the costs of electronic transmission terminals.

It is entirely possible, for example, that our evolving technology will make it possible for universities to subscribe to a service which, for a fixed fee plus an additional fee representative of use, will permit them access to remoted bibliographic facilities. Such a service, provided by a nonprofit corporation, would clearly fall under the intent of the act, but no specific item of cost would be broken out of the electronic transmission terminals themselves. It would seem that some additional language would be necessary in the legislative history in order to clarify the subcommittee's thinking on this matter.

Again on page 94, starting with line 13:

* * * grants may not include—

(A) the cost of operating administrative terminals or student terminals at participating institutions * * *

Here the change of language from the costs of electronic transmission terminals to the cost of operating administrative terminals would imply that a great many not include payment for the labor required to operate the terminals but would be available to pay for the terminals themselves. Here again we feel that additional language is necessary in the legislative history to make clear the subcommittee's feelings concerning such details as: Rental cost for terminals dedicated to this use; the purchase of terminals and the depreciation charges resulting therefrom; the maintenance costs associated with terminals; and, finally, the labor cost associated with actual operation of the terminal.

Again on page 94, line 21: "The administrative and program support costs of the central facilities of the network * * *" are permitted as costs under a grant. In the design of modern time-sharing systems, much of the administration of the central computing facility is done by the central computer itself. It should be part of the legislative history that where this administrative use of the central computer can be sequestered, it does not form a part of the institution's pro rata share of the cost of using the central computer, but is, rather, a cost of the administrative and program support.

With the realization that the foregoing comments are relatively insignificant considering the extreme national importance of the act itself, our primary input to you today is in the form of applause and encouragement for the passage of the Networks for Knowledge Act of 1968.

Thank you.

Dr. Miller, my colleague, who is principal scientist for Educom and who is also vice president of academic affairs for Cleveland State University, is one of the authors of the "Edunet" book and a man who is very strongly involved in the concept of educational network. He has some brief remarks to make also, sir.

Mr. BRADEMAS. Go right ahead.

Dr. MILLER. Mr. Chairman, in making five major points I would like to attempt to respond to some of the questions that both members of the committee have asked of those who have testified earlier.

First of all, I would strongly support the need for further intensive planning in this area. I would also like to point out that planning has been going on rather intensively now in this area since 1961. In 1961 I was working as special consultant for the Surgeon General of the Public Health Service and a conference was held in November of that year with representatives from the National Science Foundation, Dr. Waterman was present, and with representatives from the Office of Science and Technology, Dr. Weisner was present, and many others, in which it was agreed at the conclusion of the conference that development of such a network was imperative for HEW, the emphasis at that time being particularly on health aspects.

As you know, our organization of Educom was formed out of a strong sense of need of many universities in 1964. There has been continuous planning going on since that time.

In 1966 a conference was held which was sponsored jointly by the Office of Education and National Institutes of Health, National Science Foundation, and the National Library of Medicine, which resulted in this book "Edunet." There were representatives of all the Educom universities, of about 15 Government agencies, and of the relevant industries, publication industry, computer industry, television and communications industries, and I think it is fair to say it was essentially the unanimous agreement not only that there was a deep need for this sort of planning and implementation but also that it was technically feasible and that it was possible to proceed.

Specific plans were laid out, the last chapter being a proposal which has now been informally before a number of Government agencies and we expect that there will be beginning funding of a planning grant for it in the near future.

So, the emphasis is on the fact that much more planning is needed for such a vast undertaking as envisioned in this title but nevertheless it has been going on for a period of years.

The question was raised concerning the costs of such a proposal. I would agree with those who have testified previously that the funding suggested in this bill is adequate for the present year because a great deal of planning needs to be done and the development of staffs and so on, who are capable of expanding these programs as they are worked through.

But it should be recognized that in the future years the costs will be much greater. This proposal is for a prototype Edunet, educational network, which requests \$1 million for the first year, \$3 million essentially for the second year, and \$6 million for the third year.

In the second year, after a first year of planning and collecting of staff on at least three campuses in five parts of the United States which would integrate regional networks, the narrow band network, a number of telephonic connections would be implemented.

In the third year a two-way television wide-band network would be implemented as well. So these costs are the costs of interconnection and of administration.

The basic principle of this bill being included in this book as well that the universities pay their own costs for the local terminals and for the local activities that they carry on.

I would like to emphasize that the suggestion here is the development of a prototype. The prototypes should put major emphasis on software. This is unquestionably true. The advancement of software technology is not so great as the advancement of the hardware technology. It is not a question of one or the other. It really must be both at the same time.

Our proposal and the bill includes opportunities for both the software and the hardware development.

The emphasis is on the colleges and universities at first.

We would point out that small private colleges as well as large universities are associated with our organization and certainly will be concerned with it.

There is one regional group, for example, in Pennsylvania of over 50 colleges, all of which are small, that are interconnected by a regional network of this sort. The universities can contribute in their traditional research and development role. Once it has been demonstrated that there are effective uses of such programs possible, then it is the hope, I am certain, of all of the institutions concerned that the network will spread to small colleges, to libraries, to museums, to hospitals, and indeed very likely ultimately to private homes.

I was requested by Governor Romney, when I was a professor at the University of Michigan, the last year or two, to plan for the development of a statewide network for Michigan among the three major universities. It was his request at that time and our expectation that once it was worked out among the three main universities in Michigan the other colleges and universities, public and private, would be associated and then the State government system, the libraries and so on throughout the community, were industry, incidentally, subscribing

to local terminals which would help them get access to the latest scientific and technical information.

I would like to say as quietly but as forcefully as possible that this is undoubtedly the wave of the future in higher education. There are many vast problems in cost of higher education. It is not going to be possible for all colleges and universities to have major libraries, to have the best professors, to have other sources for individualized education that is necessary to provide the best type of education.

We believe the country should give serious consideration to the possibility of implementing these methods as very fundamental aspects of the educational process. We should not delude ourselves into thinking that the costs will be saved immediately. There will be large costs in the development of programs of this sort in the long run. But the potential for improving the quality of education and for cutting down some of the costs which cannot at the present time be met by small colleges and universities is great and it may well be as years go by this relatively new innovation which has surfaced only recently in the national consciousness, can become one of the major contributions of the administration.

I would like to make three other brief points if I may. One in terms of the question that was asked by Mr. Quie about the international interconnections. There have already been experiments to do this with satellites and undoubtedly as the satellite technology advances this will be possible.

For example, in the medical educational field, reading of electrocardiograms in Paris by computers in the United States has already been carried out. Educom has developed a group for the international implications. Universities from at least eight other countries besides Canada and the United States have asked to join Educom but we have said this is a development for the future and first it must be organized locally.

MR. QUIE. May I interrupt, Mr. Chairman, because I have to leave.

Are you familiar with the work that the Mayo Clinic is doing in the field?

DR. MILLER. Dr. Howard Rome is doing it. I am a physician myself, and I am a friend of his.

MR. QUIE. I would say it is an example of a similar area of interchange.

DR. MILLER. Exactly.

MR. QUIE. And this is a most exciting thing to watch.

DR. MILLER. That is right. As a matter of fact, you can't tell where these things are going in the long run. The important thing is to develop slowly and develop it in a sound fashion.

We would like to emphasize the multimediuim character of the bill. It does not emphasize just computers or television or programed instruction or the administrative records system of the libraries but all of them. This is the way I believe it fits into the public television bill, that the special aspect of the public television bill for planning of instructional television emphasizes primarily one medium. It is becoming more and more apparent to us as educators that these media are interchangeable. One day it may be a lecture, the next day a textbook, the next day a small conference, then programed instruction.

What is important is to view the entire educational communication process as a unity and then to compare the advantage of various media. This is what this bill makes possible and we believe it is a farsighted bill for that reason.

In terms of the costs, I am sure the question will be asked, should you start a new program of this sort in this particular year?

I think the answer would be it can be started profitably in a modest way. It is very important to make it clear that the government policy support developments in this area. In addition, I think it is important to recognize as the other testimony made clear, that regional and State networks are being developed at the present time and Federal and State money in relatively large amounts is going into these regional networks at the present time.

There is a great deal of duplication in what is being done in these different regional networks. The Federal Government is paying for a good deal of this. In addition, incompatible networks are being developed which would be natural, unavoidable, if there is not clear-cut continuing technical discussion among the developments of these networks.

If we do not begin now to bring this into a national picture, progressing cautiously until we are certain of the most effective form of network to developed, we will have a problem a very few years down the road comparable to the incompatibilities between NBS and CBS color television at the beginning or incompatibilities between the various forms of phonograph records, only multiplied many times, incompatibilities both of hardware and software which will be so great that it will result in tremendous costs to the country as a whole.

Finally and my last point, I would like to refer to the situation of a new university like the one I am in at the present time. About a year ago I joined the staff of Cleveland State University which was founded by the State of Ohio just 3 years ago to become a comprehensive State university in the major city in the State where there has never before been State support for higher education.

It is a developing university and its needs are very great. In the past I have been associated only with major universities. I have never seen from the inside the problems of a small university or college or the tremendous problems of a developing university as they exist. Not only is our faculty small and in need of great development, but also our library is almost nonexistent.

While we are building a large physical campus we have the needs in almost every direction to build an adequate quality program. This will take 10 or 20 years, by our master plan, to get anywhere near the quality of education of institutions with which I have been associated in the past unless it is possible for us as a have-not organization to take advantage of the selection of the haves. This is the essence of the network concept whether it be a network for transferring professors from one university to another, or electronics. We are not interested in the educational realities of the situation. We are already talking with the University of Michigan about connecting a network between their library and ours so that we can get over this network documents which we do not have in our library, and interconnecting by classroom television, closed circuit television with some of the distinguished

lecturers of the University of Michigan so that our students can have access to them, too.

This is a small example, a single case of the sort of thing which nationally can be done, I believe, by such planning. I believe it will have tremendous impact on higher education.

Mr. BRADEMAS. Thank you very much indeed, Dr. Miller. Your statement is most helpful.

I have just two or three questions, and one observation at the outset. One, I am glad to see both of you place as much stress as you do and as Professor Meaney did on the importance of the software side of this thing. I grow very apprehensive about the prospect that we are so preoccupied with the mechanics of it that we lose sight of the purpose of developing a network. The title in the bill reads, "Networks for Knowledge," which is a catch-phrase, but also a very significant one if one reflects on it.

Is Educom confined to medicine?

Dr. MILLER. No. It happened to be started by deans and vice presidents of medicine of several universities simply because they as individuals first got interested. I happen to be a physician. As soon as these deans took the question to their presidents without exception the presidents said, "But this applies across the board, not just to health science." We were aware of that. It just seemed like a big bite to start with. So we dropped the phrase "health sciences" out of the organization's name before it was incorporated. It is across the board and at the present time our board of trustees represents all disciplines in the university.

Mr. BRADEMAS. So that in effect the planning of the kind which earlier in our discussion other witnesses and I expressed the hope would take place in this whole area has already been going on in the United States.

Mr. BECKER. It is considerable, and it is outlined extensively in this document.

Dr. MILLER. This document has lists of software now available. Of course, once the universities are interconnected they will develop software for use by each other and share their resources. The interdisciplinary notion is fundamental to this proposal. When the question was raised by the Office of Science and Technology to what government agency the primary cognizance, of this proposal should go, it was not sent to the medical part of the Government, to NIH or Public Health Service but rather the Office of Education.

Mr. BRADEMAS. I appreciated also your concern about the problem of compatibility. I made reference earlier to the conference of a couple of years ago that I attended at Oxford University and one of the common problems about which all of the librarians and the computer experts there were expressing their concern was the development of common languages for their tapes.

What you really want in effect is some kind of Esperanto so that everybody is talking the same language. We don't want to develop in this world of computers a kind of Belgian language problem all over the country.

How do you prevent that?

Dr. MILLER. Educom has received a small grant from the Office of Naval Research for the purpose of studying what we call the author

languages for computers of which there are a dozen or more at the present time. The purpose of an author language is to make it possible for a professor or teacher to develop computerized program instruction. This is the language that he uses to put the information in the courses into the computer and to make it possible for the computer to answer questions of the students.

These were incompatible author languages and inappropriate for an interuniversity organization like ours. We have now a grant where Dr. Carl Zinn is comparing these and trying to see if the Esperanto language, and that is a good phrase, can be developed which accomplishes everything that these other languages do accomplish, and yet can be uniform and universal.

Mr. BRADEMAs. I remember that in my high school we used to take for granted a course in typing, and I can well contemplate that we will soon have to have a high school course in computers or automatic data processing or something of that sort, at least for everybody who plans a college education.

I should have thought a very important task for a group like Educum would be to educate the educators in the use of computers and all the techniques that we have been discussing.

Do you have any comment on that?

Mr. BECKER. No, we certainly are attempting to do that. We have various task forces that are focusing on just that issue.

Dr. MILLER. I am sure that the use of computers will become a grade school or high school subject in the near future just as writing and use of the slide ruler are taught at the lower levels of education.

Mr. BRADEMAs. I must say that I agree very strongly with what you have said, Dr. Miller, that this Network for Knowledge proposal is a very modest one in this bill. It does represent the wave of the future in higher education. I agree with the thrust of what nearly every witness this morning has said, that we are at the beginning of what is going to be a very great adventure.

This is the last day of hearings on H.R. 15067. The record of the hearings will be kept open for a period of 2 weeks if anyone wishes to submit any further statement for the hearings.

Thank you very much. We are adjourned.

(Whereupon, at 12:10 p.m. the committee was recessed subject to call.)

(The following material was submitted for the record:)

STATEMENT OF HON. CLEMENT J. ZABLOCKI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

FAIRPLAY FOR ALL SCHOOLCHILDREN UNDER NDEA TITLE III

Thank you, Madam Chairman, for providing me with this opportunity to contribute a statement to the deliberations of this subcommittee on proposed amendments to the National Defense Education Act.

I am here to urge that the committee adopt as an amendment to NDEA a proposal which I have made in H.R. 8203.

In short, this measure would allow laboratory and other mobile educational equipment to be provided to pupils in nonpublic schools on a loan basis, just as textbooks and library materials are now provided under title III of the Elementary and Secondary Education Act.

That is, the equipment itself would be owned by a public agency and loaned to the nonpublic schools for use by their students.

In order to satisfy the matching provisions of NDEA title II, the nonpublic schools would be required to prove that they had spent an equal amount themselves for laboratory equipment or the kind of remodeling authorized under the act.

As you will recall, I made an extensive statement on this same subject during the subcommittee consideration of various education act amendments last year. My testimony can be found on page 390 of part I in the printed hearings.

For that reason, it is not my intention to make a detailed presentation on this occasion. The arguments and statistics advanced last year are still valid and pertinent.

I simply want to point out to the subcommittee that developments over the past year have made an even more compelling case for amending the National Defense Education Act along the lines suggested by H.R. 8203.

Considerable support for such an amendment was generated during congressional consideration of the Elementary and Secondary Education Act of 1967. Several proposals were made, one of them to me, to amend ESEA to provide laboratory and other mobile equipment to students in nonpublic schools.

Because of the circumstances which prevailed at that time, however, I did not press that amendment on the understanding that both the leadership in the Education and Labor Committee and the administration would give full consideration to an amendment to title III of NDEA.

I am, therefore, hopeful that this subcommittee will give such an amendment the hearing it richly deserves. If this program is extended for 5 more years, as has been proposed, an attempt must be made to end the discrimination against nonpublic school children.

Statistics for fiscal 1967 which I have just received show that the situation has worsened.

As I have pointed out before, about 7 million American boys and girls attend nonpublic elementary and secondary schools. That is about 14 percent of the total national school population.

Up to and including fiscal 1966 that 14 percent of American youngsters has received little more than 1 percent of the funds which the Federal Government has expended under title III of NDEA. And even that amount must be paid back—with interest.

In fiscal 1967, a total of \$79,200,000 was appropriated under title III of NDEA for grants to public schools. All of it was obligated. No amount lapsed.

In contrast, \$1,500,000 was appropriated for title III loans to nonpublic schools. Of that amount only \$465,422 was obligated and \$1,043,578 lapsed. This indicates once again the failure of the present loan program to adequately and equitably meet the equipment needs of these American children.

Madame Chairman, I know that you and your fellow subcommittee members fully recognize the failure of the nonpublic school equipment loan program under NDEA.

You are aware that it has defeated its very purpose by placing nonpublic school children in a relatively weaker position with respect to defense-related subjects than they were in 1958, when the National Defense Education Act was enacted.

Those 7 million children are no less important to the future defense and security needs of our Nation than those who attend public schools.

The Congress must quickly indicate its recognition of that truth by amending title III of NDEA to end the present discriminatory system and to bring equitable benefits to all school children.

In order to provide members of the subcommittee with a ready reference, I ask permission to append to the end of this statement the text of my bill, H.R. 8203.

Thank you.

[H.R. 8203, 90th Cong., first sess.]

A BILL To amend the National Defense Education Act of 1958 to make equipment purchased under title III thereof available to all children attending public and private nonprofit elementary and secondary schools.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 303(a) (1) of the National Defense Education Act of 1958 is amended (1) by striking out "public" after "or reading in", (2) by inserting "public" after "of local", and (3) by inserting

immediately before the semicolon at the end thereof the following: "in public schools".

(b) Section 303(a), of such Act is amended by renumbering paragraph (5) thereof as paragraph (6), and by inserting immediately after paragraph (4) the following new paragraph:

"(5) provides assurance that such laboratory and other special equipment will be provided on an equitable basis for the use of children and teachers in private nonprofit elementary and secondary schools in the State which comply with the compulsory attendance laws of the State or are otherwise recognized by it through some procedure customarily used in the State, but such equipment shall be provided for use in such a school or group of schools only if such school or group of schools has expended an equal amount of its funds derived from private sources for equipment or remodeling described in paragraph (1).";

SEC. 2. (a) Section 304(a) of such Act is amended by inserting after "except that" the following: "(1) the payment on account of equipment provided for use in private nonprofit elementary and secondary schools shall be equal to the full amount expended for such equipment and (2)".

(b) Section 304 of such Act is amended by adding at the end thereof the following new subsection:

"(c) In any State which has a State plan approved under section 303(b) and in which no State agency is authorized by law to provide laboratory or other special equipment for the use of children and teachers in any one or more public or private nonprofit elementary or secondary schools in such State, the Commissioner shall arrange for the provision on an equitable basis of such laboratory and other special equipment for such use."

SEC. 3. Section 305 of such Act is amended to read as follows:

**"PUBLIC CONTROL OF LABORATORY AND OTHER EQUIPMENT WHICH
MAY BE MADE AVAILABLE**

"SEC. 305. (a) Title to laboratory and other special equipment furnished pursuant to this title, and control and administration of their use, shall vest only in a public agency.

"(b) The laboratory and other special equipment made available pursuant to this title for the use of children and teachers in any school in any State shall be limited to those which have been approved by an appropriate State or local educational agency for use, or are used, in a public elementary or secondary school of that State."

**STATEMENT OF HON. CLAUDE PEPPER, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF FLORIDA**

Madam Chairman and members of the subcommittee; once again it is my honor to testify before this distinguished committee on proposed higher education legislation of the most important nature. As you know, three milestones in the history of higher education legislation are due to expire at the end of the present fiscal year, and another major enactment will expire in 1969. The Higher Education Act, the National Defense Education Act, and the National Vocational Student Loan Insurance Act all have made immeasurable contributions toward the goals of strengthening the quality of higher education and of increasing educational opportunities in this country. The Higher Education Facilities Act has also been vital in increasing the capability of our colleges and universities to accommodate the multitudes of new students who come forward each year and on whom the future of our country depends.

It is my privilege to testify in support of H.R. 15100, a bill I introduced which is identical to the Administration's omnibus bill. The broad purpose of this legislation is to extend the aforementioned programs for five years and make some significant amendments, including the creation of several new programs. I do not believe that I need to draw the attention of this committee to the critical needs which prompted the passage of the Higher Education Act and related programs. Certainly the Members of this committee, more than any other Members of Congress, are familiar with these continuing needs. Nor is it necessary for me to enumerate for you the accomplishments of this legislation. You have already heard the testimony of Commissioner Howe, and I will not reiterate the testimony.

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,

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

total bank loans volume under the Guaranteed Loan and Vocational Student Loan Insurance programs. I commend these facts to the committee's attention in support of the amendments strengthening the loan guarantee programs.

Obviously, if bank credit is to continue to be made available to the vast majority of those families who must finance a part of a student's cost of higher education, many more banks and savings and loan institutions than is presently the case must be brought into the program. Therefore, let us continue to support this financial aid program by enacting the proposals embodied in the pending legislation.

There are, of course, many other features in the legislation which deserve favorable consideration. One amendment, for example, is aimed at facilitating the planning and administration procedures of the institutions. A common but legitimate complaint of the colleges has been about the extreme hardship which higher education legislation imposes in terms of their preparation and execution of an annual budget. The amendment would authorize advance appropriation of all titles of the Higher Education Act, the Higher Education Facilities Act, and the National Defense Education Act. In other words, appropriations could be made a year in advance of their actual obligation for use. This would bring to higher education the long needed convenience of advance funding which we introduced at the elementary and secondary level through the amendments of last year.

The goal of equalizing educational opportunity has been foremost in the minds of the 89th and 90th Congresses. Title IV of the Higher Education Act is evidence of the seriousness of our intention to assist as many students as possible. And, generally, I am pleased with the effectiveness of the educational opportunity grant and the work-study programs. Under the 1968 amendments these would be extended through fiscal year 1969. Beginning in 1970, however, both programs would be consolidated with the national defense loan program in a title to be cited as the Educational Opportunity Act of 1968.

The purpose of the consolidation is to allow the colleges greater flexibility in the administration of their student aid programs. Funds would also be more evenly distributed among institutions which could apply to participate in one or more of the programs. Institutions would also be able to transfer up to 20% of an allocation from one program to another and 3% of an institution's total allotment, up to \$125,000 could be used for administrative expenses. The obvious advantage of these new provisions is that they give the individual institutions greater leeway in the operation of an overall student aid program.

The Higher Education Amendments of 1968 do, of course, extend other titles of the Higher Education Act through fiscal year 1973 and the Higher Education Facilities Act through fiscal year 1974. I have emphasized only several provisions of the amendments. The proposed amendments include several new programs which deserve serious consideration—the establishment of special projects to help disadvantaged students to enter or continue higher education; grants to strengthen graduate education; a "Networks for Knowledge" title to stimulate the sharing of facilities and resources through cooperative arrangements; and a program of grants to develop or improve graduate programs in public service education.

I cannot encourage the Committee strongly enough to weigh carefully the needs of our institutions and students and the respective merits of these proposed amendments. In view of my continuing interest and concern for higher education I thank the Committee for this opportunity to present testimony in support of the Higher Education Amendments of 1968. The approaching expiration date of the Higher Education Act makes it imperative that we proceed with all deliberate speed.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., March 4, 1968.

Hon. EDITH GREEN,
Chairman, Special Subcommittee on Education, Committee on Education and Labor, Rayburn Office Building, Washington, D.C.

DEAR MADAM CHAIRMAN: I have been following the hearings by your subcommittee regarding Selective Service policies affecting graduate students with considerable interest.

In an effort to solve the impending heavy call for young men enrolled in graduate schools throughout the country, I have proposed that a delayed induc-

tion program be established. If such a plan were adopted, any graduate student who chooses to enlist in any of the services will be granted up to three years to complete his education.

I would be pleased if you would include the enclosed statement on this plan in your hearings.

Sincerely,

JACKSON E. BETTS.

[From the Congressional Record, Feb. 26, 1968]

A PLAN FOR GRADUATE STUDENTS FACING THE DRAFT

(Mr. Betts asked and was given permission to extend his remarks at this point in the Record and to include extraneous matter.)

Mr. BETTS. Mr. Speaker, a devastating cutoff of the supply of new college teachers as well as young men trained in natural science, law, mathematics, health, and all fields of social science and the humanities is predicted unless the draft law now in effect is changed by June 1968.

The threat to graduate education has been vividly presented and the growing dismay across the country about who serves under present draft laws is well known. The President and Selective Service Director must consider alternatives to alleviate the dire situation expected to befall graduate students. In the debate on this subject, I believe equity falls somewhere between meeting military manpower needs with qualified men and the requirement that our society educate a large cadre of young people to improve every aspect of life in this country and its international obligations. The emphasis in the present draft system leans heavily toward the former objective. I wish to advance a plan to create a balanced draft policy in terms of both critical national needs.

A delayed induction program for graduate students and specific hardship situations would allow students to enlist for military service at the completion of undergraduate study but defer induction until up to a 3-year course of graduate study has been completed. This would establish a program whereby anyone wishing to pursue full-time graduate study can enlist with one of the services but not have to begin training until completing an advanced degree program. Let me describe this approach by including a letter written to Selective Service Director Hershey:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., August 2, 1967.

Lt. Gen. LEWIS B. HERSHEY,
Director, Selective Service System,
Washington, D.C.

DEAR GENERAL HERSHEY: The recent congressional consideration of the Universal Military Training and Service Act has resulted in the modification and, in most instances, the elimination of graduate educational deferments except for medical and dental students. The need for graduate education in other than medical allied professions concerns me; first, because it may result in the termination of many students' graduate careers and second, because of the ramifications it may have on the nation's pool and highly educated manpower. This nation is dependent on a high level of educational capacity in the continuing competition with its adversaries and in the campaign to develop a better society. Thus, while I recognize the military obligation of every young man and the overriding importance of national security, is it not possible to couple the interest of defense with educational attainment?

The underlying reason given by the Marshall Commission and the Clark Panel for the abolishment of graduate deferments is that a disproportionate few graduate students ever serve in the Armed Forces. Many graduate students pyramid deferment on top of deferment and catapult themselves out of the draft pool as only 27% ever serve in contrast to 70% of the college and 74% of high school graduates. While these figures evidence a sharp disparity and injustice, as Representative Richard S. Schweiker noted in the House Armed Services Committee hearings, "These statistics do not make every graduate student a willful draft dodger."

It is on this premise and in response to the need for persons with extensive educational experience that I propose a delayed induction program for graduate students. Such a program is in keeping with what is alleged to be your tenet

that "... college students are deferred so that they can serve the Armed Forces more capably when they enter later on ..." Is it possible under present law by administrative directive or Executive Order to expand the 1-D classification, which is now restricted to enrollees in the ROTC program? I feel that students desirous of pursuing graduate education, regardless of area of concentration, should be given the option of signing a contractual enlistment agreement which would delay induction until after the completion of graduate training.

The program could be devised so that persons graduating from college be allowed 60 days in which to sign the legally binding contract specifying a date for induction immediately succeeding the completion of a graduate program of one, two, or three years' duration.

At any time that progress is unsatisfactory or the terms of the agreement violated, the student would be subject to immediate induction, as also would be the case if a national emergency were declared by Congress. Thus the conscientious graduate student would be benefited by an uninterrupted educational experience and the Armed Services would be benefited by the additional education obtained by the enlistee. The graduate students participating in the delayed induction program do not escape the giving of their sophisticated talents and the Services would have a concrete indication of the number of specialists entering their ranks. Those students electing to take their chances with the draft, of course, would still be permitted to do so.

The delayed induction program could also be utilized in extraordinary hardship cases of a temporary nature. For example, a family owning a farm or small business which depends largely on a draft-age son requires time to liquidate or make other arrangements. Under the delayed induction program, the individual could settle matters of personal concern and yet insure the Armed Forces of his desire to meet his military commitment after a deferment of specified length, possibly up to a year.

Statements made before the House Armed Services Committee, while not in response to this proposal, seem to support the plan. First, while considering how officers could be secured if student deferments were eliminated, George Reedy, Jr., of the National Advisory Council said that a major revision of the 1-D program could satisfy officer needs. He mentioned the possibility of confronting students with the alternative, "You can be a doctor, will you take a 1-D deferment and agree to serve as a doctor or dentist after you graduate from college, after you graduate from graduate school, after you have all the professional training that is essential to make you a qualified doctor or dentist." While Reedy dismissed such an alternative as impractical when addressing 14 years olds, it seems that such an arrangement could be offered potential graduate students who have just received their baccalaureate degree without jeopardizing the fairness of the Selective Service System.

A second remark by Mr. Reedy revealed the reason for granting medical and dental deferments to be, "The point still remains that a very large percentage of all medical students will serve in the Armed Forces. In fact, this is the real reason for granting them the deferment, not because they are more essential to the society than a physicist or a chemist or perhaps a Latin scholar." These remarks justify graduate deferments purely on the basis of eventual likeliness to serve. A delayed induction program which requires a firm commitment from the student should be acceptable because "a very large percentage," and as a matter of fact, 100%, will serve their country.

Third, the Honorable Burke Marshall, Chairman of the President's National Advisory Commission on Selective Service, explained that the most serious manpower problem raised by abolishing the college deferment is officer procurement. "The Commission majority recommended, as an exception to its policy on college student deferment, that the Defense Department be encouraged to continue these (1-D) programs and even to devise new ones, so long as the commitment to serve be made a firm commitment by the student."

In response to the one possible objection that could be advanced, "Wouldn't such a plan enable a student to defer himself out of a hot war," I offer the reply of George Reedy, Jr. "It is true that at the present period of time a man faced with such a choice might defer himself out of trouble. I believe there are quite a few people who accepted deferments in 1962 or 1963 and who found they deferred themselves into trouble."

I concur with Mr. Schweiker that not every graduate student is a willful draft dodger. Because I believe that conscientious students who recognize their military obligation should not have their education interrupted, and because I believe

both the nation and the Armed Services will benefit from the services of highly educated and competent personnel, I urge the adoption of a delayed induction plan which would couple the interest of defense with educational attainment.

I would appreciate your comments on the feasibility and implementation of such a delayed induction program.

Sincerely,

JACKSON E. BETTS.

The response I received from General Hershey was to the effect that induction and military service prior to graduate study would not be harmful to the students themselves or the Nation. This thesis was also present in a response to the letter from Assistant Secretary of Defense for Manpower, Thomas D. Morris. I disagree with this position and believe that either through an expanded interpretation of the I-D deferment classification or new regulations for delayed enlistment by the services themselves, this plan could be effectively implemented. If these two approaches fall short of adequate authority, the President can incorporate the plan into selective service regulations by Executive order.

This delayed induction program was advanced by the National Advisory Commission on Selective Service. The Commission's report on page 44 states:

"To satisfy the recommendations against student deferments, however, such officer programs—which might even include scholarship programs, if necessary—would have to be based on a binding contract in effect during the man's time in college, committing him to entry into the Armed Forces as an enlisted man if he did not complete his program, and to training and service as an officer for a specified time after graduation."

The crux of this plan is already embodied in the military services join-now serve-later concept. Graduate students certainly possess the "special qualifications" which are required for later induction by the services. Let these qualifications be recognized and incorporated into military manpower requirements and both educational goals and the defense needs of our country will be met. I wrote to each of the services to learn if they currently operate a delayed induction program. They do. It allows an enlistee up to 120 days to complete work, study or personal obligations before beginning training. All I am recommending is that this limited delay in induction be extended to up to 3 years. Here are the letters I received regarding present delayed induction from the services:

DEPARTMENT OF THE ARMY,
OFFICE OF THE SECRETARY OF THE ARMY,
Washington, D.C., August 7, 1967.

Hon. JACKSON E. BETTS,
House of Representatives.

DEAR MR. BETTS: This is in reply to your inquiry concerning delayed entry into military service.

Since the Selective Service System determines eligibility for all deferments from induction, this reply applies only to men entering the United States Army on a voluntary basis.

The Army does have a delayed entry program which gives a man who otherwise might be subject to induction up to four months to continue personal endeavors. Personnel who have received orders to report for induction are not eligible since they fall under the jurisdiction of Selective Service. Under this program, men enlisting in the United States Army Reserve for six years are required to serve three years on active duty with a delay of up to 120 days in reporting for entry on active duty. These men are eligible to apply for training of their choice and, if qualified, are guaranteed this training prior to enlistment.

It may be of interest to you that college graduates who have completed ROTC training and been commissioned in the United States Army Reserve may request a delay in reporting for active duty if they have been accepted by a recognized institution of higher education for graduate or professional study, would suffer undue hardship, or for other cogent reasons. Delays are granted in one year increments. Additional delay for graduate study is dependent upon academic progress.

I trust this information will be of assistance to you.

Sincerely,

J. L. BLACKWELL,
Colonel, GS, Office, Chief of Legislative Liaisons.

DEPARTMENT OF THE AIR FORCE,
Washington, September 7, 1967.

Hon. JACKSON E. BETTS,
House of Representatives

DEAR MR. BETTS: Recently, you asked for additional information regarding our Delayed Enlistment Program (DEP).

An applicant for the DEP enlists in the Air Force Reserve for four years through the USAF Recruiting Service. Prior to enlistment, each applicant submits a written Air Force Form 941 (Statement of Understanding) to the recruiting office, volunteering for extended active duty (EAD) for four years, with a statement that he may enlist in the Regular Air Force for the same period of time in lieu of performing EAD.

One of the entries on the AF Form 941 reads as follows: "The date of my enlistment in the Regular Air Force is scheduled for (Day), (Date), (Month), (Year), and if I do not subsequently disqualify myself, a vacancy will exist." The blank spaces are completed prior to enlistment in the DEP.

The enlistment date for entry in the Regular Air Force, from DEP, is established by recruiting personnel based on the desires of the enlistee and the quotas which have been assigned to recruiting officials. This date is established prior to enlistment in the DEP.

Current regulations provide that an applicant may not be enlisted in the Regular Air Force earlier than 30 and later than 90 days after enlistment in the DEP. In exceptional cases, a waiver to permit enlistment in the Regular Air Force between 91 and 120 days may be obtained.

We hope the foregoing will serve to clarify this policy.

Sincerely,

JOHN E. LINGO,
Colonel, USAF Congressional Inquiry Division, Office of Legislative Liaison.

DEPARTMENT OF THE NAVY,
BUREAU OF NAVAL PERSONNEL,
Washington, D.C., August 1, 1967.

Hon. JACKSON E. BETTS,
House of Representatives,
Washington, D.C.

DEAR MR. BETTS: This is in reply to your recent inquiry requesting information concerning delayed induction periods in the United States Navy.

Since the Navy does not normally induct individuals, we do not have a standard delayed induction period. However, the Navy does have a delayed enlistment program known as the Cache Program. This program, which has proved to be highly successful, permits young men to be enlisted while in school or employed with the contingency that they will report within 120 days for active duty in the Regular Navy. This period is extended only in cases wherein a hardship or other emergency arises. The Cache Program allows an enlistee planning time to terminate his civilian endeavors knowing he will be enlisted in the Regular Navy.

The Chief of Naval Personnel trusts that the foregoing information satisfactorily answers your inquiry.

By direction of the Chief of Naval Personnel:

Sincerely yours,

JAMES E. PATTON,
Commander, U.S. Navy,
Head, Enlisted Programs Branch, Recruiting Division.

DEPARTMENT OF THE NAVY,
HEADQUARTERS, U.S. MARINE CORPS,
Washington, D.C., August 11, 1967.

Hon. JACKSON E. BETTS,
House of Representatives,
Washington, D.C.

DEAR MR. BETTS: This is in reply to your inquiry of 2 August 1967, concerning specific information as to the delay restrictions under the Marine Corps 120-day delay program.

This program was established under the provisions of Section 261 of the Armed Forces Reserve Act of 1952, as amended, subsequently codified by section 1 of Public Law 85-861 in section 511(b) of Title 10 of the U.S. Code. It is the policy of the Department of Defense that enlistees under this program shall enter into active duty with a minimum practicable delay. Such delay shall not exceed 120 days except as follows:

a. Individuals enlisting for positions requiring security clearance for access to or work with classified military information or equipment may be delayed to the extent necessary to accomplish the required clearances.

b. Individuals with special qualifications enlisted to fill positions requiring highly specialized skills, for which appropriate formal training courses are offered only infrequently, may be delayed to the extent necessary to ensure that the enlistee pursues the proper course commensurate with his qualifications and the requirements of the position for which enlisted.

Enlistees under this program are classified 1-D by Selective Service, under the provision of paragraph 1622.13 of the Selective Service Regulations. Selective Service is notified by the Marine Corps on the date an enlistee commences active duty or at any date he fails to comply with the agreement. The local draft board, having been notified by the Marine Corps that a registrant has enlisted under this program, will notify the State Director, Selective Service, in any case in which active duty was not reported to have commenced within the prescribed 120 days.

I would defer to Selective Service any specific questions relative to deferment or classification under this program.

I trust that the foregoing information satisfactorily replies to your inquiry.

Sincerely,

F. J. FRAZER,

Colonel, U.S. Marine Corps, Assistant Director of Personnel.

Mr. Speaker, I include the letters to which I have referred from General Hershey and Secretary Morris at this point:

NATIONAL HEADQUARTERS, SELECTIVE SERVICE SYSTEM.

Washington, D.C., August 30, 1967.

HON. JACKSON E. BETTS,
House of Representatives.

DEAR MR. BETTS: I share your concern expressed in your letter of August 2, 1967, with the problem of providing a continuous flow of trained individuals into our society, and, at the same time, insuring so far as possible that the privilege and duty of military service be distributed generally.

This is the essence of the problem involved in formulating a student deferment program, for the ages at which military service is performed are the same as the ages during which most young men pursue their studies.

Legislation recently enacted by the Congress and the policies put into effect by the President in recent selective service regulations, for the present at least, appear to me to be a good solution to this problem which is one that is constantly under study.

Fields of graduate study where deferment is in the national interest will be identified upon recommendations by the National Security Council.

I anticipate that the recommendation of the National Security Council and the fields of study specified for possible deferment will take into account not only military needs but the needs of the civilian economy. I anticipate also that critical areas of study will be changed from time to time as changing needs dictate.

The I-D deferment is, in effect, a delayed service program. But it is designed solely to meet the needs of the military services in terms of numbers of officers, reservists, and national guardsmen. It is not designed to meet requirements of the military forces for certain skills such as are acquired through graduate study.

Such a program for graduate students generally would result in all of them entering service when some of them might be far better utilized in the national interest in a civilian capacity.

Limitation of graduate school deferments may delay graduate study for some students. Studies of military manpower procurement by a commission appointed by the President, by a civilian panel named by the Chairman of the Committee on Armed Services of the House of Representatives, and by the Congress which

preceded recent legislative and executive actions, concluded that such a delay would not deter the serious student nor jeopardize the national interest.

I appreciate your serious concern with this matter and hope my comments will be of some value.

Sincerely yours,

LEWIS B. HERSHEY,
Director.

ASSISTANT SECRETARY OF DEFENSE,
Washington, D.C., September 1, 1967.

HON. JACKSON E. BETTS,
House of Representatives,
Washington, D.C.

DEAR MR. BETTS: I have given considerable thought to your letter of 4 August, inviting my comments on your letter to General Hershey concerning graduate student deferments.

I appreciate very much the point you have made about the importance of maintaining our national resources of highly educated manpower, both from the standpoint of national defense and the general welfare. In fact, the question as to whether the tightened Class II-S graduate deferment policy would adversely affect our resources of highly trained manpower was specifically addressed by the Executive Branch and earlier by the Marshall Commission. The conclusion was that it would not do so in the long run. In effect, the new rules mean that in the future young men qualified for military service will have to do their graduate and professional work after, rather than before, military service. There has been no conclusive evidence brought to the attention of the Executive Branch as to whether this will result in a lesser or greater production of persons with post-baccalaureate training, considering that veterans are once again eligible for financial assistance to further their education under the so-called G.I. Bill.

As you probably know, under the law and implementing Executive Order, the National Security Council may designate other fields of study, in addition to medicine and allied health fields, as eligible for II-S deferment. This provides needed flexibility to review problem areas in terms of changing conditions.

In your letter, you propose expansion of Class I-D deferments so that students desiring to pursue graduate education, regardless of concentration, would have their induction delayed until after completion of graduate training. At the present time, I-D deferments of the kind you propose are restricted to the needs of the Armed Forces for officer programs. I believe a general expansion of I-D deferments would accordingly not be feasible and it would amount to an indirect way of substituting for Class II-S student deferments.

You further suggest that a delayed induction program could be used in extraordinary hardship cases of a temporary nature. It is my understanding that Class III-A hardship deferments, II-A occupation deferments and I-A postponements are available for this purpose, depending on the nature and merits of the case.

I hope these comments will be helpful.

Sincerely,

THOMAS D. MORRIS.

STATEMENT OF HON. CALVIN L. RAMPTON, GOVERNOR OF THE STATE OF UTAH;
CHAIRMAN, EDUCATION COMMITTEE, NATIONAL GOVERNORS' CONFERENCE; CHAIRMAN, EDUCATION COMMISSION OF THE STATES

I am appearing here today in my capacity as Chairman of the Education Committee of the National Governors' Conference. I would like to read into the record a portion of the report of that committee, adopted by the governors on March 1 of this year, particularly those sections dealing with the higher education bill now before this committee, H.R. 15067.

"The National Governors' Conference commends the Congress and the Administration for providing for advance funding of educational aid programs under the Elementary and Secondary Education Amendments of 1967 and for requesting advance funding for fiscal year 1970 for most of the higher education legislation of 1968 embodied in Bill H.R. 15067.

"However, in the firm belief that late funding has been one of the most severe problems for the states and local education authorities under all federal aid pro-

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

loans. These proposals should assist more students through more involvement of more fund sources.

One provision of Title IV allows some unfairness to creep into the national defense student loan program funds. The state quota method of allocating funds has resulted in a discrimination against institutions in certain states. The institutions in some states receive 100% of their approved request for loan funds, while others get only 75% or less on their approved dollar request. Only in 11 states and Puerto Rico do institutions now receive 100% of their loan request: California, Delaware, Georgia, Hawaii, Idaho, Louisiana, Maryland, Nebraska, Texas, my own state of Utah and Virginia.

The governors were enthused about the provisions of Title XII which is designed to support graduate education for the public service. All of us recognize the growth of state and local governments and the need for talented employees, especially at the state level, and we urge this committee to endorse the provisions of Title XII. We hope this program will be funded at the \$10 million level recommended by the Administration.

The governors also support the provisions of Title IX—the so-called networks for knowledge title—and see in these provisions the potential for more efficient utilization of facilities and faculty both within the states and between and among the states, and we urge the approval of this program.

The governors also support the provisions of title IV, particularly Part C, special services for disadvantaged students, and we hope the authorization of that program at the \$15 million level recommended by the Administration will be approved by the Appropriations Committee. With particular reference to this section, however, we caution the establishment by the Office of Education of too elaborate and too complicated procedures to implement this and other new programs and urge that initially simplified procedures and packaging concepts be employed, rather than waiting until the program has been in effect for some time. The governors do not believe that it is necessary to circumscribe many of these new programs with the kind of elaborate, detailed and time-consuming strictures which have typified other programs in the past.

The governors also endorse the proposal to improve the so-called middle range of graduate schools by the infusion of funds which are estimated to total between \$5 and \$10 million in the fiscal year under consideration, and we heartily endorse the proposal to increase the cost of education allowances to the schools accompanying Office of Education fellowships from \$2,500 to \$3,500.

This ends my remarks relative to H.R. 15067, and I would like to conclude by referring to two other sections of the resolution adopted by the Governors' Conference relating to education which may be of interest to this committee. The first relates to the subject of teacher unrest and states that "the Governors' Conference and the Education Commission of the States take cognizance of the problem of teacher strikes, and will devote the annual meeting of the Education Commission on June 26-28 to this problem, and will follow up with proposals to the July meeting of the National Governors' Conference."

Because the main reason for teacher strikes seems to be salaries, and because of the tremendous difficulty of increasing local property taxes on the one hand and/or state-wide taxes on the other to ameliorate the problem and provide additional state-wide salaries, the Governors' Conference asked the Education Commission of the States to review the possibilities of federal aid programs for teacher salaries in an effort to alleviate this problem.

One final comment relates to the desire by many of the governors to have the Upward Bound program transferred from the Office of Economic Opportunity to the Office of Education.

I would like to express my gratitude to the committee for the opportunity to present this information and position of the National Governors' Conference on this most important piece of education legislation.

IMPROVING ACCESS TO INFORMATION—A RECOMMENDATION FOR A NATIONAL LIBRARY- INFORMATION PROGRAM—REPORT OF THE AD HOC JOINT COMMITTEE ON NATIONAL LIBRARY-INFORMATION SYSTEMS (CONLIS)

SUMMARY

1. The national interest requires that all users throughout the nation have ready access to information; such access should not be limited to a few geographic areas or to a few elements of the economy.

2. The problem of access to information is equally urgent for all fields of knowledge and not only natural science and technology; it includes no less importantly and no less urgently the information in the social sciences and the humanities.

3. The volume of information is so large that a great proportion of an individual's needs can be met only through library-information centers (which are here defined as any store, in any form, of information intended for the common use of some community of users).

4. The volume of information is so large, and is growing so rapidly, that even every community of users cannot afford to support for their own use a library-information system that can acquire, analyze, organize, and house, all of the information to which that community from time to time needs access.

5. The only practical solution to this dilemma, regardless of the techniques used (whether automated data processing, microforms, conventional publication forms, or a combination of these) is a system operating nation-wide that makes it possible for every library to do two things: identify readily the publications containing the information the patron wants and then to provide him, within a reasonably short period of time, with a copy in some form of all publications thus identified. Such a system can be achieved only by organization and coordination at the national level at least.

6. Since it is in the national interest, meaning by this the interest of all citizens, to assure ready access to information by all elements of the economy, and since this can be assured only by organization and support at the national level, therefore support by the federal government as necessary to assure such access is not only justified but is its obligation.

7. The essential framework for effective federal action is now lacking because there is no agency within the federal structure with either the responsibility or the authority to see that an adequate solution is developed and implemented to serve all fields of knowledge and all users.

RECOMMENDATION

8. Therefore our recommendation as the essential first step toward an effective solution is that there be established within the federal government a single agency with the responsibility to assure that there is ready access to information by all elements of the economy, to develop the most effective techniques and methods for accomplishing this goal, and that it be given the continuing budget support and operating authority that will enable it to fulfill this responsibility.

INTRODUCTION

In March of 1966, at the invitation of Robert Vosper, President of the American Library Association, representatives of the American Library Association, the Association of College and Research Libraries, the Association of Research Libraries, the Council of National Library Associations, the Federal Library Committee, the Library of Congress, the Medical Library Association, the Special Libraries Association, and the American Documentation Institute, met in Chicago to consider the *Recommendations for National Document Handling Systems in Science and Technology* as proposed by the Committee on Scientific and Technical Information (COSATI) of the Federal Council for Science and Technology. The discussion at this meeting indicated a consensus that the recommendations made by COSATI, purely aside from the merits or demerits the individual proposals made, were basically inadequate to the real needs of the situation by virtue of their limitation to science and technology. Not only did they fail to consider the urgent needs for improved access to information in the social sciences and the humanities (which is not attributed to any lack of awareness or understanding on the part of COSATI but only to the limited charge given it) but in the opinion of those present this failure vitiated even some of the proposals made by COSATI. The close and essential relationships between the physical and biological sciences, the social sciences, technology, and the humanities, prohibit clear-cut divisions between them, and most libraries are therefore compelled to serve all of these fields to at least some extent. Any real improvement in their service to any field must therefore involve their total system. This does not mean that all fields will be served in precisely the same way, or that different techniques and methods may not be employed to best satisfy different needs, but only that these must be systematically compatible and coherent if any field, including those in science and technology, is to be adequately served.

The library associations represented at this meeting have long recognized that stronger and more unified systems organized on a national basis are essential to significantly improved library and information services. They have already been instrumental in establishing a number of programs directed toward improving the nation-wide access to information through such systems as inter-library loan, union catalogs, the Farmington Plan, and most recently the centralized cataloguing scheme at the Library of Congress. It has also been recognized that further significant advances must be dependent upon substantial participation by the Federal Government.

Accordingly, the representatives at this meeting recommended the establishment of a joint committee to be called the Ad Hoc Joint Committee on National Library/Information Systems (CONLIS), to have several functions:

With due regard for all types and levels of library service to:

1. Be responsible for drafting a program directed toward improvement of the access to and availability of information through national systems of libraries and information centers;
2. Be responsible for continuing advice to and liaison with appropriate federal and other bodies on behalf of the library associations represented;
3. Through its members, keep the associations fully and regularly informed of committee activity and the recommendations formulated by the committee.

Representatives on the committee have been designated by the following six major national library associations: American Association of Law Libraries, American Documentation Institute, American Library Association, Association of Research Libraries, Council of National Library Associations, Medical Library Association, and Special Libraries Association.

In accordance with its charter the committee presents the following as its report and recommendation for the first essential step toward the establishment of an effective national library-information system.

WILLIAM K. BEATTY,
Medical Library Association.
WILLIAM S. BUDDINGTON,
Special Libraries Association.
LAURENCE B. HEILPRIN,
American Documentation Institute.
WILLIAM D. MURPHY,
American Association of Law Libraries.
JAMES E. SKIPPER,
Association of Research Libraries.
BILL M. WOODS,
Council of National Library Association.
GORDEN R. WILLIAMS,
American Library Association.

ASSURED ACCESS TO INFORMATION ¹

The basic hypothesis proposed by the Committee is that the national interest requires assured and ready access by all citizens to all unrestricted information. In simplest terms, information as a commodity is essential to our development as individuals, to optimization of our activities, to the strength of our nation and to the progress and survival of mankind. To have access, difficult, slow, or restricted only to a few, is to limit utilization, which thus diminishes our total national accomplishment and welfare; it is in everyone's interest that all that is known to be readily available to all so that it can be used. No one—doctor, scientist, lawyer, engineer, teacher, public official, or plain citizen—should have less access to information merely because he is not located in a major center of

¹ The reader must guard against misunderstanding the term "information" as it is used here, and throughout this report. Commonly, most people tend to use the word "information" to mean specific facts and data; to mean what scientists are concerned with as opposed to what the humanist, the philosopher, the novelist, and the poet are concerned with. But as used here the term is to be understood in its more general sense as the meaningful content of any communication as opposed to the random, meaningless, interfering, "noise" or "static" that may also be present. In this sense the text of a poem, a novel, a history, and an engineering handbook, are all equally "information." We know of no other simple term that covers the content of any communication regardless of its subject matter, and so have used this one, but caution again that it must not be understood as meaning only "scientific information."

population or research. The national interest is best served by equality of access by all elements of the economy, wherever located, to insure equality of opportunity and competence. Minor differences in speed and convenience of access will undoubtedly remain inevitable because of differences in location, but even the slowest and least convenient access must not be so slow and inconvenient that, practically, as in many cases now, it amounts to no access.

It is recognized of course that distinctions must be made between users and their purposes in order to prevent abuse and overload of the system. The high school student writing a theme, and the doctor, do not need, or want, the same amount and detail of information about the cause and treatment of cancer, for example. But this is a minor problem and solvable, as it is solved now, by common sense. What is important is the safeguards and limits not be sought in payment schemes. Access to information should not be a function of the ability to pay for it.

ACCESS IS EQUALLY URGENT FOR ALL FIELDS OF KNOWLEDGE

The need for maximum information exists in all realms of human thought; any consideration of the problem must encompass the social sciences, basic sciences, humanities, technologies, etc. The complexities, interrelationships and fluidities of today's disciplines, and the unpredictability of tomorrow's, require initial acceptance of this *total* approach to the information problem. An advanced society is unquestionably dependent upon advanced technology, but it is no less dependent upon advanced social sciences and a sound humanistic understanding. Our purpose is to build a society in which humans can live happily as well as machines.

Inherent differences in information characteristics, modes of analysis and storage, and types of need in various subject fields, may require somewhat different systems of solution in different fields, and different timetables for development will result not only from this but from recognized priorities of need. But independent uncoordinated developments by type or discipline cannot hope to solve even their individual problems. The inherent interrelations and overlaps between subject fields makes them interdependent and requires a common system even though that system in turn functions through a multiple switching capability.

THE PROBLEM ARISES FROM THE LARGE QUANTITY OF INFORMATION

The amount of significant information existing and being added daily is beyond the grasp of any individual; he cannot hope to be familiar with all of that now existing, or to keep current with the new additions to it. The impossibility of this, together with other limitations such as his memory capacity and time available for work, has resulted in the now familiar phenomenon of specialization by individuals in only one area of knowledge. But the number of publications is so great that the individual cannot hope to acquire for his personal library even that portion of the total pertinent to his own specialty, and he must therefore depend upon library/information centers as sources for needed publications. Yet none of these, in turn, can cope with the requirements in acquisition and processing of the potential input, at anything approaching comprehensive and uniform levels. At the same time, the individual, even with specialization, is still left with the problem of having to locate within the large and rapidly growing body of communications that information that is pertinent to his needs and interests, without missing any of importance, when he has not time enough to scan all of it to find those parts that are pertinent to him. Present techniques for recording the existence of information, for analysis and evaluation, for creation of surrogates (abstracts, indexes, catalogues, etc.) for retrieval by users are inadequate, and adequate new methods are not yet fully developed. This is true both in conventional libraries and in other information systems, whether automated or not, despite the range of present operational, pilot, and experimental efforts. Everyone now lacks access to information he can profitably use by reason of the mass to be screened, the inadequate bibliographic controls, his own lack of time, and his library's inability to possess all the information he needs.

It is obvious that the only solution to this difficulty is one that will enable any user to identify with only a short expenditure of his own time—and it must be short if he is to have sufficient time left to read what he identifies and then put the resulting information to use—all of that smaller segment of information within the larger body that is important to his needs.

LOCAL RESOURCES ARE LIMITED

As just indicated, no library supported by some relatively small community (university, corporation, city, county, or state) can afford to obtain all published information and to analyze and classify it so that any part is readily identifiable and quickly available for use. Even if they could, this would obviously be a wasteful duplication of effort. The only solution is to enlarge the community that shares access to the information so that the cost, being more widely spread, can be afforded. For overall economy and accessibility to all, an integrated system based on the nation as a single community is required; a system that deals with all forms in which information is published, all types of information, and all fields of knowledge. It is taken for granted that each local community will continue to provide for itself most of what that community requires, and that the national system, which each community supports in part through its taxes, will not replace the local effort but only augment it by providing for all what can be afforded only if all share in supporting it for their common use.

It is readily apparent that bibliographic analyses—catalogs, indexes, abstracts, and the like—can easily be supported and shared nationally (and even internationally). It is this ability that has already made possible such significant tools as *Chemical Abstracts*, *Mathematical Reviews*, *The National Union Catalog*, *Psychological Abstracts*, and all the others. Experience such as that provided in the United States by the National Library of Medicine and the Center for Research Libraries, and in England by the National Library for Science and Technology, has also demonstrated that libraries and scholars across the nation can effectively share in using many kinds of publications that they cannot afford locally provided that they are readily, and assuredly, available from such a central location geared to serving the nation-wide community whenever those publications are needed locally.

FEDERAL GOVERNMENT ACTION IS REQUIRED

The foregoing sections assert that maximum access to information is in the national interest, that present systems are inadequate, that concerted and comprehensive planning must occur, and that local resources as presently constituted are limited. It is evident that a national base of operations is in order, and it follows that the federal government is the most logical body to carry responsibility for a problem requiring nation-wide support and coordination; indeed it is precisely to provide an instrument for *national* affairs that a federal government was established.

The distinction bears making between the total "national" information problem and the "federal" information problem. The latter has been the subject of several studies in recent years: While directed in some respects to national needs, these have inevitably been influenced by agency requirements, notably R and D effort in science and technology, and the viewpoints therefore tend to be restricted. But no central agency now exists within the federal government with responsibility and authority for cognizance of the total information problem as it affects all the nation. Certain provisions have been made according to discipline (medicine, agriculture), mission (nuclear science, space, defense), branch (legislative), etc. Other provisions have sprung up in the private sector because of demonstrated need (engineering, metals, translations). Information, however, is not divisible into mutually exclusive areas or forms. Final responsibility cannot be so based or excessive duplication and yawning gaps will continue to appear in the structure of our information resources.

Furthermore, such assignment (or default) of responsibility encourages proprietary philosophies, both within the government and without. While this may generate and is generated by enthusiasm, it does not necessarily work toward the overall welfare. The expenditure of money, time, effort and emotion by a single group or body, without some overall direction, feeds this proprietary character of development, and the passage of time hardens the situation. The very essential elements of compatibility and coordination are growing increasingly remote even now.

A final factor requiring the federal approach is the necessity for providing geographical equivalences in accessibility.

BOTH PRESENT AND LONG RANGE NEEDS MUST BE MET

The magnitude of all requirements in total information needs makes it certain that the most advanced technologies must be utilized, including those now known and those yet to come. Many of the newer means of recording, analyzing, storing,

retrieving and transmitting information, are proving technically feasible, though still not wholly useable because of economic factors. Long-range planning must be initiated and capabilities strengthened to take complete advantage of such methods at all stages of the information cycle and to serve the needs of all individuals.

Achievement of success by new systems can be assured only if sufficient resources are made available in development and application. Yet complete achievement is recognized to be still some years away—whether five, fifteen or thirty. The present need is too urgent to be endured without a considerable measure of relief. Therefore, it is also essential that study, planning and implementation occur with respect to short-term requirements. In brief, work must proceed simultaneously on carefully established short-, intermediate- and long-term goals, and not be limited to long range goals only.

The Committee is quite aware of the magnitude of the task. The problems are complicated and many, reaching well beyond the world of libraries *per se*. In the following sections, some of the basic elements of total problem and total system are outlined, with major points which must receive consideration.

The process of placing desired information in the hands of an inquirer consists of two steps: first, determination of the existence of the information and its location within the system, and second, obtaining and delivering to the inquirer the information thus identified and located. Automatic systems of the future will probably accomplish these steps in a way that makes them so nearly simultaneous, as far as the user is concerned, that he thinks of the process as only one step. Indeed, the response in some present-day operating systems gives this impression. Nonetheless, in any system these two distinct operations are involved, however simultaneous they may seem, and they are here considered separately for this reason as well as because immediate improvement in access to information will most probably require improving each of these steps by different methods.

INTELLECTUAL ACCESS

The complexity of the identification process is not always well recognized and better solutions to the problems, in many cases, have yet to be achieved. The identification process includes subject analysis and classification, as well as the physical description of the publication, and in some cases, note of its location(s). There has been decreasing success in control, and increasing dissatisfaction. One cause is the high degree of knowledge and training required for the task; personnel with greater specialization and in large numbers have been needed, yet they have not generally been available for this endeavour. Other causes are the mass of publication, which has increased to the point of near-suffocation, and the new forms of publication (separately published research reports, for example) not easily fitted into established bibliographic patterns. Finally, analyses that have been prepared are not always widely available, or compatible with those done elsewhere, resulting either in unnecessary duplication with waste of manpower and resources, or in deprivation of wider access.

Particularly because, as seems most likely for some considerable time yet, every local library collection cannot contain every publication its particular community of users requires, every library must at least be able to provide full intellectual (bibliographic) access to all significant information and not merely to that in its own collection.

Improved intellectual access requires, initially, enlargement of coverage. In simplest terms with infinite implications, all documents and records must be subjected to some or all parts of a screening and analysis process. This must occur not in some subject fields only, but eventually in all fields. The importance now attached to science and technology, and the services presently operating therein, may bring about activity in this sector more immediately. Yet the need in other disciplines is no less urgent, and in some possibly more so, in the light of social, political and artistic implications of our times. No discipline can flourish in the absence of information exchange; it is quite recognized that adequate provision is simply non-existent in many—if not most—of the social sciences and in the humanities. While certain non-science disciplines are undertaking programs of improvement, their requests for assistance have not been satisfied to nearly the same extent as have those in the sciences. It is certain that there are degrees of need by economists, for example, no less urgent and important, if with less glamor, than the needs of physical scientists.

An obvious problem will be the screening of publications and other input to any store of information, to admit material of deserving significance. This significance cannot be determined by simple and arbitrary rules applied to a

communication, nor can future needs and purposes be precisely predicted. This does not imply that all communications must therefore be treated as equally important, or that prior judgments cannot be made with a high degree of reliability. It does mean that judgments to exclude a particular document or, having once included it, later to eliminate it, must be made only with the greatest care.

The essential content communications must be identified and tagged for potential retrieval, and accommodation made for changing terminology, interpretation and language. Each unit of the record should be digested and prepared that it may respond at any appropriate level and in a wide variety of forms, as may be needed. Demands, for example, may require statements of data, bibliographic citations, abstracts, distillations or digests, locations of documents, or the complete documents themselves. Information from related units should also be incorporated in continuously updated larger summaries and reviews. Thus, provision must be made for storage not only of the original records but of various surrogates representing or substituting for such units.

In addition to access to the content of all recorded information, it should also be possible to obtain current, short-term, periodic reports of information newly received. The parameters of such continuing reports should also be readily modifiable, to reflect changing interests and developments. Any system must also have the capability of referring an initial query to the most relevant sources, of switching a request to an appropriate store of information, and to succeeding stores as required.

Implementation of intellectual access requires parallel processing of inquiries, so that needs may be matched with available units of information. Definition, refinement and qualification of requests will have to be as complete as possible, prior to any attempt at access. However, it should be possible to modify requests during the searching process, in the context of information found to be available. Such "dialogue" may take into account a disclosed volume of existing information; it may also involve examination of various surrogates, or restatement of level of character of need, to aid in further refinement of the request.

In contemplating any national system responsive to requests from all geographic areas, in all subjects, and with varying levels and forms of output, the need for compatibility and standardization is obvious. Yet it is recognized that different subject fields present different requirements in all phases of information handling. These requirements will be satisfied best by specific system components and techniques. Furthermore, research and development now under way, already completed, or still to be initiated will employ theories, solutions and equipment of quite specific nature. There is a problem of immense complexity, therefore, in achieving any degree of universal access to information through common channels, by conversion, switching capability or other means, and only substantial capital investment in research and development can hope to find satisfactory solutions. Such an investment is not only of national benefit, but beyond the capacity of any single field or library.

It is undebatable that any future system must start from and be built upon the existing information structure. A number of surveys have studied some aspects of this present structure, but a much more thorough study of present indexing, abstracting, and cataloguing services is required to discover more precisely the existing gaps, inadequacies, and duplications, in order to determine where improvement is most required and how it can be provided. Delegation to, and support of, existing but inadequate private agencies—commercial as well as non-profit—as well as public agencies providing bibliographic services must be anticipated and provided for.

Production and consumption of information knows no national limits, and the importance of information-oriented activity in other countries is well recognized. The intellectual access to which we refer incorporates publications and resources of all countries and of all time. It follows that consideration must be given to a world-wide approach to the problem, with fullest possible coordination of talent and work in all parts of the world.

PHYSICAL ACCESS

Physical access is the second of the two essential steps to information. Once the existence and location of a text or data is determined, it must then be made available. Bibliographic access alone is only a means to an end. It tells the inquirer what it is he needs, but then he must be provided with that material.

As with intellectual or bibliographic access, this physical access must be available to all and in all fields of information. It cannot be limited to certain areas,

such as the metropolitan centers of the country. It must serve the scholar, the industrialist, the scientist, the lawyer—all sectors of society—denying no reasonable request from anyone in the country.

Users differ in their requirements for physical access to information. For example, most often the individual concerned with the arts, be it graphic or verbal, needs the original or a reproduction of the original visual representation. The scientist, on the other hand, is often likely to want a distillation of the original and be willing never to see the latter. This does not mean that the scientist never wants to see the original document. Some sciences are less concerned with quantitative data, or the original is needed for the study of methodology or insight into the overall purpose of the study. At the same time the artist may need but a fact or an abstract. Thus the information system which is to provide full physical access must be able to supply the original, an index or abstract of the original (surrogate) and a distillation of the original. How to do this best is the crux of the physical access part of the problem of providing full information service to the nation.

At the present time it is the user's library or information center, whether it is public, academic, special or government, that provides him with physical access to published information. It must be recognized however, that the amount of significant information already available and the accelerated rate at which new information appears makes it impossible now for this local library to acquire all the publications its patrons need. Some new approach is needed that will enable every local library to have assured and, most important, ready access from another source to what it cannot provide from its own collection. Essentially this amounts to the assurance that there is such a source—a national lending library system—from which any library can borrow (or acquire a photocopy), quickly and easily, any needed item not available in its own collection. The user will still apply to his local source, but backing up that local library or information center will be all the stored information elsewhere in the nation and the knowledge that under a national effort all new data is being collected someplace as it becomes available. Only when this is a reality will that basic need be taken care of—a copy of all publications somewhere in the country that is readily available to all. Confronting us at this point is the problem of copyright, the means by which enterprise in the intellectual field is given a property right. The whole copyright law is now under study for possible revision. What the exact nature of these revisions may be is not of concern to the problem of access to information so long as the means is retained to make information readily available. Solutions range from free copies of anything to a fee system for all copies. Somewhere in this range is the answer that will protect the author and publisher of information and still make it readily and quickly available to all.

It must be emphasized, however, that any system assumes, and its planning recognizes, continuance and even the strengthening of local resources. The corporation or government agency or school or public library is expected to provide—and may be assisted by various means to do so—a substantial proportion of needed services. The national system is a back-up resource. It is not intended to replace the local resource but to produce what this cannot practically provide for itself. It must also be recognized that there should be relative equivalence of access in all regions and at all necessary levels of complexity. The context of local resources and the means of supporting them will require study and the formulation of measures of need. Considerable evidence can be mustered that costs of information and services drastically handicap educators and researchers in many segments of the country and the world.

This new national system to provide ready access to all information is a huge task. Such a system is predicated, of course, on the assumption that library service will be available to all within the next few years. Behind this service there will then have to be the over-all coordination of acquisition programs and of distribution programs for the acquired materials. Modern technology already can ease the task greatly, and it is even possible now to visualize the time when such an information system will be able to provide directly the information wanted, rather than the document itself in some form.

Instantaneous recall of some information is essential in our age. However, it is recognized that such speed is not always necessary, another factor easing the burden of this great national effort. The combination of requesting by telephone and receiving by airmail, backed up by TWX or some other similar machine, will take care of the large majority of requests. The technology for this last method of

providing physical access is fully developed today, but it is still not truly available to most people. It is essential that this form of service be strengthened and enlarged now. Indications are that machine retrieval may someday be a complete reality in all areas of information, but until this is true, it will be necessary to take care of most physical access by present methods. The accelerated growth of significant information makes it imperative that we adopt machine methods as quickly as possible, but at the same time proceed to strengthen present methods of physical access for use during the interim period, be it ten, twenty or more years.

RECOMMENDATION

The essential framework for effective federal action is now lacking because there is no agency within the federal structure with either the responsibility of the authority to see that an adequate solution is developed and implemented. Therefore our fundamental recommendation as the essential first step is: *That there be established within the federal government a single agency with the responsibility to assure that there is ready access to all significant published information by all elements of the economy, and with the continuing budget support that will enable it to fulfill this responsibility.*

It is emphasized strongly that this is not a recommendation for a monstrous, monolithic, federal agency to replace all existing channels for disseminating and providing access to information. There must be many channels for these purposes and basic library service is best provided, as it is now, by libraries directed and supported by the local community of users (whether this community is a city, town, or other political division; a university, college, or other school; a corporation or other commercial organization; or a governmental department or agency), and dependent on commercial publishers and distributors, and on scholarly functions in the whole process of access to information and its transfer, dissemination, and preservation. Each such community is expected to continue to provide the basic library services for itself capable of satisfying most of the community's needs, while the national agency's function is to augment these by providing for the common use of all libraries those collections and services that the local community cannot afford but can be supported only by the nation-wide community, and to provide a means for coordinating and standardizing the work of libraries, publishers, and associations, to avoid unnecessary duplication of their effort and expenditure. In the provision of these new, augmenting services, the national agency should have the authority to itself establish and support, directly or through contract with other organizations, the national service libraries and bibliographic facilities required.

Which of these alternatives the agency elects in each case should not now be specified in detail, in part because there is insufficient information to do so accurately, and in part because the system requirements, and the techniques for satisfying them, will undoubtedly change with time, and the national library/information agency must be free to change its actions accordingly. Indeed, the first function of the proposed agency must be to investigate the present system more thoroughly than any group or organization now has the resources to do, initiate research on both technical (equipment) and functional problems, and itself determine its own best actions to fulfill the responsibility named above and to accomplish its mission. But what can be specified now are the major organizational requirements if this agency is to perform effectively.

First, the agency's responsibilities should be limited to *national* library services, that is to services to be made equally available to all the nation's libraries, including the federal libraries, rather than for it to attempt to combine basic library service to the federal government itself with service to the nation as a whole. The principle this recognizes is that the divisions, departments, and agencies, of the federal government need access to information for their own use, and as in universities, research establishments, industry, and other elements of the economy, the primary satisfaction of these needs requires a library directed by and primarily responsive to the needs of the agency being served. It is no more possible for a federal library, merely because it is federally supported, to give first priority attention to the needs of libraries in the nation as a whole from a collection and staff organized and supported primarily to serve the needs of a local community of users than it is for a non-federal library, such as that of a university, to do so. Such a federal library, getting its budget support from the federal agency served in order that the agency's information needs might be met,

must organize itself so that it can best satisfy those needs, and give first priority in service to the individuals in that agency rather than to the more remote users in the rest of the country. From the other side, a library organized and responsible to serve the nation as a whole by augmenting what the local libraries can provide for their own communities of users cannot without conflict serve as the basic, primary, information source for one particular agency. This is even less possible than to expect a single federal library such as the Library of Congress adequately to serve all the information needs of the Department of Defense, the Department of Agriculture, the Department of State, and all the others, and for these to give up completely their own libraries.

This conflict between service to the nation as a whole and service to a particular local group is greatest with respect to the provision of physical access, and is substantially less, though far from insignificant, with respect to bibliographic access. In the latter case, bibliographic descriptions and analyses prepared by a library for its own use can be duplicated or in other ways made available to other libraries without interfering with local access or needs. This has in fact been the basis for the Library of Congress catalog card distribution service.

Since the "national group" versus "local group" problem is well illustrated by Library of Congress activity, some description will be useful. Under its program, the Library of Congress has prepared and printed catalog cards for its own use in accordance with its own needs as the Library of Congress, and then merely printed additional copies for purchase by libraries so that they could take advantage of this cataloguing. This was, and is, very valuable in making it unnecessary for other libraries to duplicate the intellectual work of the cataloguing done by the Library of Congress. But this was not a complete solution to the problem of cataloguing even monographs and serial titles in all libraries because in many cases the cataloguing priorities established at the Library of Congress which were intended to be those best satisfying the needs of the users it has primary responsibilities to serve—the Congress itself—were different from the needs of other users throughout the nation, and in a great many other cases the Library of Congress neither acquired nor catalogued the publication at all since it was of insufficient interest to the needs of the Congress. To have changed priorities to satisfy the needs of the nation as a whole would have been a disservice to the needs of Congress itself; while to have acquired and catalogued titles out of scope to the Congressional interest could have been done only by diverting funds from other Library of Congress services, thus handicapping its primary mission of service to Congress.

The only practicable way of avoiding this conflict of interest is the one finally arrived at in this particular case—that is by giving another agency the funds to pay for the additional cataloguing to be done in the national interest, with authority to transfer these funds to the Library of Congress, as the best available agency to do this additional work with assurance that it would be consistent with LC's own cataloguing. This responsibility of the Library of Congress for service to the nation as a whole, being thus separately funded and staffed, does not compete with its services to Congress for support or priority in performance and continuation.

The pattern represented in miniature by this program of cataloguing one particular group of publications in the national interest is thus similar to the one here recommended for implementation of a complete national library system. It separates federal funding and responsibility for library services to the nation as a whole from funding and responsibility for library services to the federal community itself so that they do not come into conflict and neither one is forced into a secondary position. At the same time it does not preclude making available for the national benefit those services that the federal libraries perform for their own purposes that can without conflict be utilized nationally, and indeed establishes an agency to coordinate these more effectively.

In addition to the requirements above, one other appears to us to be of primary importance if the National Library Agency is satisfactorily to meet the national needs. This is that responsibility for determination of the Agency's programs and policies be vested in a board, commission, or committee, of persons representing the communities of users to be served. The actual administrative officers will of course be qualified civil servants, ultimately responsible to the President and Congress, and undoubtedly will come to these positions with experience gained in the user communities. But the needs and problems of these communities vary in detail and with time, and only those persons continually

facing these in their daily work can remain fully familiar with them. Unless policies are guided and programs determined by those whom the agency serves there is grave danger of its becoming, despite the best will in the world, out of touch with current needs and too slowly responsive to new problems and new solutions. For this reason the agency and its director must be continually guided by a group representing the users.

Whether this body is a board or commission, legally responsible for program and policy guidance, or a committee charged merely with advising the actual administrators, perhaps practically makes little difference, though legal responsibility is more certain of effectiveness and is therefore recommended. But in any case such a group of experts in a position where its voice must be heard and heeded, without its having to hunt for a channel of communication and fight for an audience, is essential to keep the system continually and most effectively responsive to the national need and interest. This group must represent the ultimate individual users, major types of libraries, and the various agencies concerned with support of research.

There are several possible places within the federal structure where the National Library Agency might be placed, and several possible forms it might take. It might, for example, be established:

1. As a bureau or division within the Department of Health, Education and Welfare.
2. As an independent commission, similar in form to the Atomic Energy Commission, or as a foundation similar to the National Science Foundation and the National Foundation for the Arts and Humanities.
3. As an independent division of the Library of Congress.

1. If the responsibility for this function of assuring ready access to information by all elements of the economy is to be assigned to an existing executive department, the Department of Health, Education and Welfare is a more logical choice than any other, and indeed it has already been charged for some time with administering various programs of library aid. It is important to note, though, that no such National Library Agency is here recommended, and as is required adequately to solve the problem, now exists within the Department, and in fact the administration of even existing library legislation is now diffused through the Department so that there is no unified direction of all efforts toward the same goal. But only a single agency competently staffed with men and women of expert knowledge in the fields of librarianship and information handling, with the assigned responsibility to assure that all elements of the economy have ready access to all information, and with authority not limited to just one way of accomplishing this, or to only some aspects of the problem, can hope to insure a solution that avoids both unnecessary duplication and gaps in coverage.

2. The operational functions required of the Agency in fulfillment of its responsibility, and particularly its need to have the freedom to initiate research and to act dynamically and promptly in an environment of rapidly changing technology, might be better satisfied through the establishment of an independent commission, similar in form to the Atomic Energy Commission, or a Library Foundation similar in form to the National Science Foundation, reporting directly to the President and Congress. Either one would undoubtedly make the complete centralization of responsibility and administration, and thus the unified approach that is essential to an economically practical solution to the information problem, easier than inclusion of the agency within the already complex bureaucratic environment of a large executive department such as Health, Education, and Welfare. But despite these advantages, there are also disadvantages from the point of view of public administration in adding still another agency budgeted outside of a cabinet department.

3. Locating the National Library Agency under the Library of Congress would have the advantage of placing it more closely in connection with the largest single library within the federal establishment, and one that, although intended primarily to serve a federal agency (the Congress), is now also serving in some ways the library/information needs of the nation as a whole. But it has already been pointed out that the same agency cannot without disservice to one or the other serve the nationwide need when it also must satisfy the primary information need of a federal agency. This conflict could be avoided only by establishing the National Library Agency as a wholly separate agency from the Library of Congress itself, and with a wholly separate budget, the only connection being that both would be administered by the Librarian of Congress.

The major disadvantage of this location of the agency is that, even with separate budgets for the Library of Congress *per se* and the National Library Agency, under this arrangement the National Library Agency budget still remains on the Legislative Branch side rather than on the Executive Branch side, and thus gives an unfair impression of the actual purpose of the expenditure. A second disadvantage lies in the bifurcation of the responsibilities of the Librarian of Congress himself.

Balancing the advantages and disadvantages of these several possible locations and forms for the National Library Agency, we believe that although any one of them can be made workable, the administrative and budgetary relationships will be more logical and less conflicting if the Agency is made a separate office with the Department of Health, Education, and Welfare. But we emphasize again that wherever located, and whatever form the National Library Agency takes, responsibility for assuming all national library/information needs are satisfied must be concentrated in a *single* agency; its function must not be weakened by combining responsibility for service to the nation as a whole with responsibility for primary service to the federal establishment itself; the agency must have broad authority to act directly or through grants or contracts with other federal, public, and non-profit, agencies; and policy and program guidance must be provided by a board or committee representing the immediate and ultimate users of the system, to insure responsive and responsible guidance in the national interest.

THE LIBRARY OF CONGRESS,
Washington, D.C., February 15, 1968.

HON. EDITH GREEN,
Chairman, Special Subcommittee on Education,
House of Representatives,
Washington, D.C.

DEAR MRS. GREEN: As you know, the Library of Congress is responsible for the administration of Title II-C (the National Program for Acquisitions and Cataloging) of the Higher Education Act of 1965.

As I testified before your Subcommittee in April of 1967, I support the amendments to this Act in regard to Title II-C that were included in H.R. 6232 and H.R. 6265 and more recently in the omnibus education bill, H.R. 15067.

I would, however, like to reiterate what I said in April about the length of extension of Title II-C. I urge that Part C be extended for a 5-year period as are parts A and B of Title II, rather than for 2 years as provided for in H.R. 15067. Great progress has been made in the centralized cataloging program at the Library of Congress but, because of limited funding, the far-reaching effects of the program are just now being felt by the research community in the Nation. A 5-year extension would give the Library, I believe, sufficient time to put this very important cataloging program on a sound operating basis and would greatly increase the benefits it can bring to higher education and scholarly research.

If you desire any additional information, I would be very happy to provide it.

Sincerely yours,

L. QUINCY MUMFORD,
Librarian of Congress.

THE AMERICAN PARENTS COMMITTEE, INC.,
Washington, D.C., March 21, 1968.

Re H.R. 15067, Higher Education Amendments of 1968.

HON. EDITH GREEN,
Chairman, Special Subcommittee on Education,
House Committee on Education and Labor,
Rayburn House Office Building,
Washington, D.C.

DEAR REPRESENTATIVE GREEN: For the purpose of inclusion in the record of hearings on the above legislation, the American Parents Committee wishes to express our support for the following programs:

Title I, Community Service and Continuing Education programs. We support the continuation of 75% Federal share through FY 1969, and 50% for the following four years.

Title IV, Part E, NDEA Teaching Fellowships. We strongly support the provision increasing from three to four years fellowships to encourage recipients to enter or continue teaching, especially in the primary and secondary systems.

Title V, Education Professions Development. Under Section 502, authorizing State educational agencies to administer directly programs of teacher and teacher-aide recruitment and training, we respectfully urge that the 1965 Act be further amended to include School Food Service administrative personnel. As passed by the House on March 5, a bill to extend the School Lunch Act (H.R. 15398) emphasized that the School Lunch program should be categorized as an educational program, orienting the recipient toward good nutritional standards.

Title VI, Part B, Instructional Equipment and Material for Elementary and Secondary Education. We support amendments to extend the NDEA program; to eliminate subject limitations in accordance with State plans; and to limit Federal payments under this Title in conformance with Constitutional law.

Respectfully submitted.

MRS. BARBARA D. MCGARRY,
Executive Director.

STATEMENT BY WALTER A. SCHEIBER, PRESIDENT, FELS INSTITUTE ALUMNI ASSOCIATION

Madam Chairman and members of the subcommittee, I am submitting this statement to you in support of Title XII of H.R. 15067 on behalf of the alumni of the Fels Institute of Local and State Government of the University of Pennsylvania.

The Fels Institute was founded in 1937 for the purpose of providing graduate and undergraduate training to young men and women interested in careers in local and state government. In the more than thirty years since that time, it has awarded advanced degrees to more than five hundred graduates. Seventy-five percent of these men and women occupy places in local, state and Federal Government today.

According to a recent survey by the American Society for Public Administration, the Fels Institute has conferred a greater number of advanced degrees to urban specialists than has any other educational institution in the United States—yet this is just a drop in the bucket. Never before have the needs of our cities for qualified professional and technical personnel been so great as they are today. Positions are going begging in every large city government in the United States because of a lack of qualified people. The gap between supply and demand is immense.

In the face of this challenge, the graduate schools of our universities have been struggling—unsuccessfully—to educate and train generalists and specialists capable of coping with the huge burdens of our urban areas. More than any other single factor, the lack of adequate financial support for their programs has been a stumbling block to success.

The Education for the Public Service Act, Title XII of H.R. 15067, would provide grants and contracts with institutions such as the Fels Institute of Local and State Government to strengthen existing programs, develop new programs for the preparation of graduate and professional students for the public service, and for research into improved methods of education for the public service. It would provide significant assistance to existing institutions which have been struggling to meet the ever greater demands of our cities for men and women to staff their programs. It could provide a major resource in the campaign to produce adequately trained urban specialists, and to close the existing gap between supply and demand in this field.

The Fels Institute Alumni Association, representing the largest single body of urban specialists representative of any of our American universities strongly supports the enactment of Title XII, and urges that the Committee favorably report the bill now under consideration by it.

UNIVERSITY OF SOUTHERN CALIFORNIA,
SCHOOL OF PUBLIC ADMINISTRATION,
Los Angeles, Calif., February 15, 1968.

Hon. EDITH GREEN,
*U.S. House of Representatives,
House Office Building,
Washington, D.C.*

MY DEAR CONGRESSWOMAN: On February 1, 1968 the membership of the California Association for Public Administration Education, representing professors of public administration in both private and public institutions of higher learning in California, voted unanimously to urge you to give your favorable

consideration to the "Education for Public Service Act" and the "Intergovernmental Manpower Act" which we understood will be heard soon by your Committee. It is our Association's belief that without the development of a positive policy and coordinated program for public service education and training, a continuous manpower shortage will threaten the ability of federal, state, and local governments to fulfill their purposes effectively, efficiently, and economically. The changes in urban living produced by new technology, population mobility, rising income, shifting employment conditions, evolving concepts of social and economic democracy and citizen participation in determining governmental goals, have created situations that demand high administrative competence. We are actually seeing 1968 administrative problems being administered by persons with 1938 to 1948 educations. Educations which, however good, did not equip administrators with the diverse kinds of knowledge indicated by today's problems.

It seems that only a reshaping of many existing education and training programs will provide the manpower required for governmental service. Inadequate programs of public service education and training result in unjustified social and economic costs. These costs are reflected in underdeveloped manpower, diminished personnel performance and inadequately administered public programs. The education needs affect more than the public service. All segments of private and public enterprise suffer undesirable consequences when public servants are not appropriately qualified for their tasks.

It is our belief that state and local government has even greater need than does the Federal Government for the kind of education and training which would be made possible by enactment of the bills before you. Nevertheless, all segments of government could profit by improved training and education. The California Association for Public Administration Education respectfully requests your support for this important legislation.

Very truly yours,

NEELY GARDNER,

Chairman, California Association for Public Administration Education.

COLLEGE ENTRANCE EXAMINATION BOARD,
Washington, D.C., March 5, 1968.

HON. EDITH GREEN,
*U.S. House of Representatives,
Washington, D.C.*

DEAR MRS. GREEN: May I impose upon your patience and possibly that of other members of your Sub-committee to make several comments about the Higher Education Act of 1968.

1. It is my understanding that participating colleges estimate that the amount of money required to renew EOG grants will apparently use so much of their allotments that a smaller number of incoming students will receive grants than was true last year. If there have been no revisions of these estimates and the evidence still suggests that it will be necessary to reduce the number of new grant recipients, then this will be a very grave setback and would seem to be a most shortsighted economy. It would in fact be incomprehensible to provide for a reduced number of new students when the same act provides for an increase in funds for Section 408, the Talent Search Title, and for a new sum of \$15 million to provide training to reduce the number of drop-outs. The increased talent search funds should produce an increase in the number of students needing grants and the program to increase retention should increase the amount of money required to maintain continuing students.

2. The preceding comment should not be interpreted as lack of support for the increase for Section 408 and for the new program to provide special services. Actually there may be additional benefits from the provision of special services which I have not heard mentioned in the testimony. The inattention and the ineffective teaching given to the instruction of all undergraduates but particularly those in the first two years, has become a source of major criticism from undergraduates and has been a central and an aggravating factor in a large number of the student protests of which I have any firsthand knowledge. The program proposed in the Higher Education Act is pointed rather specifically towards underprivileged students but I am convinced that any programs which result in

a more effective teaching of lower division underprivileged students will have a direct carry-over to the teaching of all lower division and undergraduate students. It will provide essential support for the new curriculum approaches which are being developed. Obviously, there can be no assurance that the program will produce these improvements but it is the only one I know which is pointed so specifically at this area. We have let ourselves be bemused and satisfied with the statistics which show the number of persons who have registered. The proposed new program hopefully will deal directly with the questions of the quality of the learning which follows those registrations, and even though it be in the beginning limited to underprivileged students. I have no question that if something good comes from this it will then influence the teaching for the entire student group.

3. There has been some testimony concerning the Guaranteed Loan Program that college financial aid officers should make some comments to lending agencies about the student's financial need but that the program should not require a needs test. As a financial aid officer, I would not know how to deal with this situation. The only information I would have of the family's financial situation and the student's need would come from an application which described the family's financial situation in sufficient detail to enable me to understand it. This is what is meant by a needs test. If a student had not filed an application of this kind, no one in the college would have any basis for judgment of his financial need. If colleges are to recommend the amount of a loan this requires an analysis of need, and I believe other financial aid officers would feel as I do about this.

It is clear from the testimony that there is considerable confusion about the term "need" as used by financial aid officers and by the general public. During the past decade, member colleges working through the machinery of the College Scholarship Service have developed a procedure which requires a reasonably common amount of effort and self-sacrifice on the part of parents. We have become wiser in dealing with unusual circumstances. For example, we accept the fact that in a family in which the mother is employed outside the home, this requires additional expenditures which would not be the case if she were not so employed. We make allowances for this. We use a more realistic figure for child maintenance than is in use by the IRS.

There is, however, neither any principle of economics nor any conventional folk wisdom as to just how much self denial parents of college going students should be expected to make. For example, if a family income is raised from \$10,000 to \$12,000 there is no principle of economics which determines what portion of this increment ought to be available to meet the costs of higher education. The current yardstick used by the College Scholarship Service accepts the fact that higher education is not the only demand on family income. We believe that financial aid officers can use this yardstick in a way which calls for a comparable effort between families in a great variety of financial circumstances. It cannot assert, however, that all people in the society agree that the yardstick require a correct amount of self denial and frugality. This judgment, we suspect, comes primarily from each individual's own accustomed standard of living.

Please forgive me if I have been too professorial and pedantic in this last topic.

Sincerely,

EDWARD SANDERS,

Vice President, College Board, Director, Washington Office.

P.S.—I mention the College Scholarship Service only because it is the needs analysis system with which I am most familiar. The same general principles are used in other needs analysis systems.

STANFORD UNIVERSITY,
Stanford, Calif., April 2, 1968.

HON. EDITH GREEN,
Chairman, House Education and Labor Committee,
Washington, D.C.

DEAR MADAM CHAIRMAN: I understand that your Committee is currently considering H.R. 15067, the Higher Education Amendments of 1968 and is interested in receiving the views of institutions that may be affected by the proposed legislation. My purpose in writing is to add my warm endorsement to the others you have received for Section 302 of the bill, which would add a new Part B—Improvement of Graduate Programs, to Title III of the Higher Education Act of 1965.

Stanford University has for many years been carrying the heavy financial burdens associated with maintaining graduate programs of high quality. We

are acutely conscious of the fact that no institutions of higher education, public or private, can continue to maintain and strengthen this uniquely expensive form of education without substantial Federal assistance. We are eager to work with your Committee and other responsible agencies of the Federal Government to develop programs of Federal support that will maximize the advantages to the nation that graduate education produces while maintaining the atmosphere of independence required for the health of quality education. We therefore welcome this legislation as a necessary step in recognition of the Federal interest in this area.

I am of course in no position to assess the relative priorities that you will accord to this and other desirable features of the proposed legislation. I do wish to say, though, that I think it would be a great mistake to fail to enact Section 302 simply because current financial stringency makes the provision of adequate sums for its implementation during the next fiscal year unlikely. Graduate education has suffered a severe setback from this year's revisions of Selective Service policy. A gesture of Congressional concern about graduate education at this time would be most welcome, even if its effective implementation must wait.

I trust that you recall as pleasantly as we the visit that you and your Committee colleagues paid us at Stanford last year. It was the kind of opportunity for exchange of facts and ideas that I wish we could have more often.

Sincerely yours,

RICHARD W. LYMAN,
Vice President and Provost.

COLORADO COMMISSION ON HIGHER EDUCATION,
Denver, Colo., February 27, 1968.

HON. EDITH GREEN,
*Chairman, Special Subcommittee on Education,
U.S. House of Representatives,
Rayburn House Office Building,
Washington, D.C.*

DEAR REPRESENTATIVE GREEN: In view of recent and impending testimony before your Committee concerning provisions of the Higher Education Amendments of 1968 relating to Title IV B, student loan insurance programs, we thought information concerning the status of these programs in Colorado might be useful to you in your deliberations.

At the request of Governor Love, the Colorado legislature in its current "short" session is giving consideration to a measure (HB 1073) "To establish a student loan guarantee program for higher and vocational education, and making an appropriation therefor." Pending determination by either the state attorney general or the state supreme court whether this bill has successfully avoided the quite specific prohibitions contained in the Colorado constitution against pledging the faith and credit of the state, we have as yet no final assurance that Colorado will be able even this year to establish by legislation alone a state loan insurance program.

If the attorney general or court should rule unfavorably, then it would be necessary to obtain public approval of a constitutional amendment in November, 1968, before the program could be established. If, however, no ruling is obtained before the legislature adjourns, it might be November 1970 before the necessary amendment could be submitted to the voters.

Under these circumstances, it is obviously of considerable interest to Colorado that the present federal loan insurance program, which in the six months of its operation has enabled Colorado students to borrow over \$5 million for higher and vocational education, be continued beyond the end of the present fiscal year, as contemplated in Sec. 431 of H.R. 15067, introduced by you and Mr. Perkins on February 5.

It may be of further interest to you and your colleagues to know of the concern recently expressed by the Colorado Commission on Higher Education, which is the state coordinating agency for public higher education in Colorado, to the effect that "if the states are to be expected to take over a program that has been federally defined, initiated, and regulated, then some latitude should be granted to the states in defining the nature of the program that will best suit their situations and the needs of their students."

In view of this concern the Commission directed the staff to prepare appropriate statements to convey to the Congress the position that if the program

is to be transferred to state responsibility, the states should be given authority to define its terms within general guidelines. Such statements have already been addressed to the members of Colorado's congressional delegation, together with an expression of concern that the present Federal insured loan program be extended through June 30, 1970.

We believe it would be entirely appropriate in this connection to report our very favorable impression of the effective operation by the regional staff of the U.S. Office of Education of the federal program in Colorado. Not only has this program made it possible for an unprecedented number of Colorado students to negotiate some 5,800 loans to date, but even more impressive has been the favorable response of lenders to the program. More than fifty lenders who for varying reasons did not elect to participate under the previous program operated for Colorado by United Student Aid Funds, Incorporated, under contract with the U.S. Office of Education using the limited reserves established through Colorado's allocation of federal seed money, have now become active participants under the federal insurance program—an increase of over 70 percent in the number of participating lenders.

We hope the foregoing information may be useful to you in your current deliberations. If further details on any of these matters would be of interest, we stand ready to provide them.

Sincerely yours,

FRANK C. ABBOTT,
Executive Director.

PENNSYLVANIA STATE UNIVERSITY,
University Park, Pa., March 20, 1968.

HON. ELMER J. HOLLAND,
House of Representatives, Special Committee on Education, House Committee on Education, House Committee on Education and Labor, House Office Building, Washington, D.C.

DEAR MR. HOLLAND: For several years The Pennsylvania State University has been experimenting with the use of microwave and telephone line interconnections between the main campus at University Park and several of our Commonwealth Campuses in other parts of the state.

These interconnections have been used for the sharing of instructional resources by means of television, for rapid access to library materials, for continuing education, and for administrative communication.

On the basis of this experience, it seems to us that the development of interconnecting networks among colleges and universities across the country could have a profound effect on the dissemination of knowledge and the sharing of resources among universities and colleges, both large and small.

Such networks could provide for the exchange of instruction, access to computers for computation purposes or for information retrieval, the sharing of specialized library resources and the like. The availability of such networks would be of considerable value to large universities, and for strengthening small, developing colleges with limited resources.

I would, therefore, like to urge support of Title IX of Bill H.R. 15067 for the support of the development of such networks.

Sincerely yours,

ERIC A. WALKER, *President.*

Pittsburgh, Pa., March 22, 1968.

HON. ELMER J. HOLLAND,
House of Representatives, Washington, D.C.

DEAR MR. HOLLAND: I was grateful to learn of the inclusion of title IX in H.R. 15067. If we are to have equal educational opportunity in U.S. networks for knowledge are essential. Their potential, not only in providing education of the highest quality everywhere in the nation, but also in making available the skills of medical and other professional specialists for the solution of health and environmental problems in all regions are immeasurable. May I therefore urge your support of title IX and ask you to work for its passage.

EDISON MONTGOMERY,
Director of Communications Program, University of Pittsburgh.

CARNEGIE-MELLON UNIVERSITY,
Pittsburgh Pa., March 21, 1968.

Hon. ELMER J. HOLLAND,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN HOLLAND: I understand that the Congress is now considering H.R. 15067, Title IX of which contains the Networks for Knowledge Act of 1968.

Carnegie-Mellon University is a member institution of the Interuniversity Communications Council, called EDUCOM, which is working to develop plans to develop an information network to interconnect colleges and universities in the U.S.

The passage of Title IX would be a great help to higher education, for it would make possible both the sharing of informational resources among institutions of higher education and the strengthening of developing institutions. I hope that this legislation will be given your full support.

Respectfully yours,

H. GUYFORD STEVER,
President.

THE UNIVERSITY OF CHICAGO,
Chicago, Ill., February 15, 1968.

Hon. EDITH GREEN,
U.S. House of Representatives,
Washington, D.C.

MY DEAR MRS. GREEN: I was delighted to see Section 1004 (pg. 100) contained in HR 15067. This section answers an extraordinarily troubling and unnecessary problem with which I am familiar.

I

As you know, the Center for Research Libraries is located on the campus of the University of Chicago. Originally this entity was organized as a not-for-profit corporation in 1949 by a group of major universities as a "library's library" through which they could cooperate to make readily available more research materials than each participant would be able to provide individually in its own library. The Center's collections, housed in its facilities, amount to more than two million volumes.

In June of 1966 the Association of Research Libraries, constituting the seventy-odd major research libraries in the United States and Canada, approved a report urging that all members of the Association become members of the Center for Research Libraries.

II

Section 201 of Title II of the Higher Education Act of 1965 provides:

"SEC. 201. There are authorized to be appropriated \$50,000,000 for the fiscal year ending June 30, 1966, and for each of the two succeeding fiscal years, to enable the Commissioner to make grants under this part to institutions of higher education to assist and encourage such institutions in the acquisition for library purposes of books, periodicals, documents, magnetic tapes, phonograph records, audiovisual materials, and other related library materials (including necessary binding). For the fiscal year ending June 30, 1969, and the succeeding fiscal year, there may be appropriated, to enable the Commissioner to make such grants, only such sums as the Congress may hereafter authorize by law."

Section 204 provides:

"SEC. 204(a) (1) Twenty-five per centum of the sums appropriated pursuant to section 201 for each fiscal year shall be used by the Commissioner in accordance with this subsection.

"(2) Of the sums available for use under paragraph (1) sixty per centum may be used to make special grants (A) to institutions of higher education which demonstrate a special need for additional library resources and which demonstrate that such additional library resources will make a substantial contribution to the quality of their educational resources, (B) to institutions of higher education to meet special national or regional needs in the library and information sciences, and (C) to combinations of institutions of higher education which need special assistance in establishing and strengthening joint-use facilities. Grants

under this section may be used only for books, periodicals, documents, magnetic tapes, phonograph records, audiovisual materials, and other related library materials (including necessary binding).

"(3) Any sums available for use under paragraph (1) which are not used for the purposes of paragraph (2) shall be used in the manner prescribed by the first sentence of section 203(a).

"(b) Grants pursuant to paragraph (2) shall be made upon application providing satisfactory assurance that (1) the applicant (or applicants jointly in the case of a combination of institutions) will expend during the fiscal year for which the grant is requested (from funds other than funds received under this part) for the same purpose as such grant an amount from such other sources equal to not less than $33\frac{1}{3}$ per centum of such grant, and (2) in addition each equal to not less than $33\frac{1}{3}$ per centum of such grant, and (2) in addition each such applicant will expend during such fiscal year (from such other sources) for all library purposes (exclusive of construction) an amount not less than the average annual amount it expended for such purposes during the two-year period ending June 30, 1965."

Reports of the Congressional Committees, in explaining the purpose of the special purpose grants, specifically referred to the Center for Research Libraries in Chicago as "a notable example of potential college joint activities."

III

However, the Adult and Vocational Education Section of the United States Office of Education determined that the Center for Research Libraries was not eligible for assistance pursuant to Section 204 of Title II of the Higher Education Act of 1965. It did so on the theory that Section 201 entitles the Commissioner to make grants to "institutions of higher education; Section 204(a)(2) authorizes special grants to "institutions of higher education" and to "combinations of institutions of higher education"; and that the Center for Research Libraries, although specifically described in the legislative history as performing "notable examples of the potential of college joint activities," is not itself an institution of higher education.

In addition, the Office of Education Section raised the point that the membership of the Center included institutions which were not eligible "institutions of higher education," specifically the two Canadian universities (the University of British Columbia and the University of Toronto) and the John Crerar Library (whose collection of scholarly scientific materials is recognized throughout the world) which, while located on the campus of Illinois Institute of Technology, is not itself a degree granting entity.

IV

Joint activities of institutions of higher education often are carried out through the multi-university, not-for-profit corporation. The most notable recent example is the organization of Universities Research Association, Inc., a multi-university corporation under the auspices of the National Academy of Science, as well as the Atomic Energy Commission, to design, build and operate the high energy accelerator at Weston, Illinois. Similar corporate arrangements exist in the operation of the Brookhaven National Laboratory at Long Island, New York, the Argonne Universities Association for policy determination in operation of the Argonne National Laboratory at Lemont, Illinois, and ARPA for operation of astronomy research facilities in Arizona and Chile.

I would assume that the value and purpose of such arrangements are clear to both lawyers and prudent administrators. The case of the Center itself is in point. The magnitude of that operation could not be prudently administered through combination or joint venture arrangements involving universities situated at long distances over the country. Nevertheless, the position of the Office of Education Section, in effect, determines that such arrangements cannot be recognized as university combination activities for the purposes of the statute.

V

The Section of the Office of Education thus concluded that applications for support of the Center for Research Libraries had to be made individually by each member, then processed individually, grant disbursements made to each individual institution and then transferred. The result was that the Section was obliged to process multiple applications and, at the same time, each member in-

stitution was similarly burdened. Moreover, the determination as to whether the requirements of Section (3) (b) of the statute are met must be made primarily in examination of the activities of the Center for Research Libraries which itself was not a party to the proceedings.

Further, as a matter of policy the formation of the multi-university corporation is effective insurance of permanent, long-term collaboration. The position adopted by the Section was to penalize this precise activity in contrast to a much looser and often informal collaborative arrangement.

VI

It would appear that Section 1004 of HR 15067 would meet this problem and should now authorize the Office of Education to deal with the Center for Research Libraries as "a private, nonprofit agency, organization or institution designated or created by a group of institutions of higher education for the purpose of carrying out a common objective on their behalf." Previous experience, however, leads me to inquire as to whether the making of some legislative history would not be appropriate in this matter. Membership of the two Canadian universities and the Crerar Library is very much in the interest of not only the Center, but of each of its members. Moreover, in years to come it is altogether likely that major public libraries may desire to participate. I am concerned that, lacking legislative history, the question of eligibility of the Center might again be raised.

I hope that you will forgive the length of this note. We are, as always, most grateful to you for your leadership and interest.

Sincerely yours,

JULIAN H. LEVI.

UNIVERSITY OF MIAMI,
Coral Gables, Fla., February 26, 1968.

Hon. EDITH GREEN,
U.S. House of Representatives,
Rayburn Building, Washington, D.C.

DEAR CONGRESSWOMAN GREEN: Thank you for your letter of February 17, 1968. As I stated to you in my letter of February 6, 1968, I would advise you of the actions taken on the resolutions which were presented to the Florida Association of Student Financial Aid Administrators (FASFAA) and to the Southern Association of Student Financial Aid Administrators (SASFAA).

Enclosed are copies of the resolutions presented and the resulting action taken by the two respective organizations is noted in red at the top of each resolution.

As I was responsible for the preparation and presentation of the resolutions to both organizations I would like to comment briefly on each.

(1) *NDEA—Teacher Cancellation Provisions—Section 205(b3)*

This resolution was passed by a large majority vote by both organizations, and there were no vocal comments or objections presented.

(2) *NDEA—Terms of Loans—Section 205(a)*

This resolution was passed by a large majority by both organizations, and there were no vocal comments or objections presented.

(3) *NDEA—Loyalty Oath—Section 1001 (f1) and 1001 (f3)*

This resolution was rejected by F.A.S.F.A.A. and was not presented to S.A.S.F.A.A. It should be understood however that in the Southeast there is at present a lot of misunderstanding and irrational acceptance of the validity and purpose of the loyalty oath.

I personally feel that the loyalty oath is a meaningless gesture on the part of the federal government.

(4) *CWSP—Federal-Institutional Matching Ratios—Section 124(f)*

This resolution passed unanimously by both the F.A.S.F.A.A. and S.A.S.F.A.A. organizations.

(5) *CWSP—Anniversary dates re Matching Ratios*

This resolution passed unanimously by both the F.A.S.F.A.A. and S.A.S.F.A.A. organizations.

(6) *Proliferation and Duplication of Student Financial Aid Programs*

This resolution passed by a substantial majority in the F.A.S.F.A.A. meeting but was referred to Committee for further study by S.A.S.F.A.A. The primary

basis for referral was that only a few of the institutions represented had Nursing and Medical School programs and the others were not aware of the fact that problems existed.

(7) *Guaranteed Loan Programs*

This resolution passed by a substantial majority in the F.A.S.F.A.A. meeting, but was referred to Committee for further study by S.A.S.F.A.A. The primary reason being that there are just not enough informed people on the provisions of the program.

Over all, I believe the degree of success of the resolutions, was due to a growing awareness on the part of Financial Aid Officers, of the provisions and problems of the programs.

If I may be of further service, please do not hesitate to so advise. I appreciate your invitation to appear before your committee, but travel funds are not available. I sincerely believe, however, that experienced financial aid administrators' opinions and judgments would be more beneficial to your committee, than organizational representatives who are not dealing with the problems nor the programs on a daily basis.

Sincerely yours,

THOS W. SUTTON,
Director of Financial Aid.

(Passed by FASFAA & SASFAA)

PROPOSED RESOLUTIONS AFFECTING FEDERAL PROGRAMS OF STUDENT FINANCIAL AID

NATIONAL DEFENSE EDUCATION ACT OF 1958

I. *Section 205(b3)—Teacher cancellation provisions*

Whereas the Florida Association of Student Financial Aid Administrators (FASFAA) recognizes that one of the purposes of Title II of the NDEA was to attract superior students to the teaching profession by providing loan cancellation provisions; and

Whereas it has been determined from analysis that the teacher cancellation provisions *have not* resulted in an appreciable increase over and above the normal number of students entering the teaching field; and

Whereas section 205(b3), as amended, has resulted in an ever broadening scope of teacher cancellation provisions and an increasing number of student borrowers who are receiving either partial or total cancellation of their obligation; and

Whereas it is the opinion of the FASFAA Committee on Student Financial Aid Programs that this section of the National Defense Education Act is discriminatory and tends to destroy the effectiveness of an otherwise basic loan program which is the greatest source of student financial aid available to students; and

Whereas there are at present other proposals being considered to provide cancellation privileges to Veterans and others, so that eventually the true intent of a long-term, low interest loan program will be destroyed at the expense of the American Taxpayer: Therefore be it

Resolved, That Section 205(b3) of the National Defense Education Act be deleted, thereby; (a) eliminating the discriminatory provisions of the act; (b) eliminating the paper work and ever increasing problems of collections associated with cancellation privileges; and (c) otherwise restoring the program to a true loan program for students.

(Passed by FASFAA & SASFAA)

III. *Section 205(a)—Terms of loan*

Whereas section 205(a) provides that "the total of the loans for any academic year or its equivalent, as determined under regulations of the Commissioner, made by institutions of higher education from loan funds established pursuant to agreements under this title may not exceed \$2,500 in the case of any graduate or professional student (as defined in regulations of the Commissioner), and may not exceed \$1,000 in the case of any other student. The aggregate of the loans for all years from such funds may not exceed \$10,000 in the case of any graduate or professional student (as so defined, and including any loans from

such funds made to such person before he became a graduate or professional student), or \$5,000 in the case of any other student;" and

Whereas due to the ever increasing costs of higher education at both public and private institutions; and

Whereas institutional directors of financial aid are finding it increasingly difficult to provide sufficient sources and amounts of funds to "package" and meet the ever increasing assistance required by students to meet their educational costs: Therefore be it

Resolved, (a) that Section 205(a) of the National Defense Education Act of 1958 be amended to provide a maximum loan of \$1,500 per academic year or its equivalent at the undergraduate level to an aggregate maximum of \$7,500 for the undergraduate program; and (b) that the maximum loan of \$2,500 per year or its equivalent for graduate or professional students be retained, but that the aggregate total for both the undergraduate and graduate programs be increased to \$12,500.

(Rejected by FASFAA and was not submitted to SASFAA)

II. Section 1001(f) (1) and Section 1001 (f) (3)—*Loyalty Oath*

Whereas section 1001(f) (1) provides that no part of any funds appropriated or otherwise made available for expenditure under the authority of this Act shall be used to make payments or loans to any individual unless such individual has taken and subscribed to an oath or affirmation in the following form: "I do solemnly swear (or affirm) that I bear true faith and allegiance to the United States of America and will support and defend the Constitution and laws of the United States against all its enemies, foreign and domestic;" and

Whereas section 1001(f) (3) provides that the provisions of Section 1001 of Title 18, United States Code, shall be applicable with respect to the oath or affirmation required under the paragraph above. (This is a part of the Federal Criminal Code relating to any person making a fraudulent representation to the Government.); and

Whereas it has been determined that these sections of the National Defense Education Act of 1958 are meaningless and serve no realistic purpose; and

Whereas it has been determined that if a person actively or otherwise advocated non-support of the United States, that he or she could care less what they signed realizing full well the question of constitutionality of such a requirement; and

Whereas this program of long-term, low interest rate, student loans is basically a legal and binding obligation on the part of a student to repay monies borrowed for educational purposes and should therefore be recognized in that context; and

Whereas this requirement is not consistent with other federal governmental lending practices and is therefore discriminating against students: Therefore be it

Resolved: That Section 1001(f) (1) and (f) (3) of the National Defense Education Act of 1958 be deleted, thereby (a) eliminating a discriminatory provision of the Act; and (b) eliminating a meaningless provision which is also unrealistic.

(Passed by FASFAA & SASFAA)

The Committee on Federal Financial Aid Programs of the Florida Association of Student Financial Aid Administrators (F.A.S.F.A.A.) recommends that the following resolutions, affecting the College Work-Study program provided for under Title I, Part C of the Economic Opportunity Act of 1964, as amended by the Economic Opportunity Amendments of 1965, and the Higher Education Act of 1965, be adopted and forwarded to the Southern Association of Student Financial Aid Administrators (S.A.S.F.A.A.) for their review and adoption.

I. Section 124(f) as amended—*Federal-Institutional Matching Ratios*

Whereas section 124(f) as amended now provides that the federal-institutional matching ratios drop from 85-15 to 80-20 on August 20, 1968, and to 75-25 on August 20, 1969; and

Whereas due to the magnitude of the work-study programs, most institutions of higher education (both public and private) are experiencing difficulty in providing the ever increasing burden of the insitutional matching portion: Be it therefore

Resolved, That Section 124(f) Part C, Title I of the Economic Opportunity Act of 1964 as amended, be further amended to restore the federal-institutional matching ratios to the original level of 90-10.

(Passed by FASF^{AA} & SASF^{AA})

II. Anniversary Dates of Changes in Federal-Institutional Matching Ratios— Section 124(f)

Whereas section 124(f) as amended provides that the changes in the federal-institutional matching ratios occur on August 20, 1968, and August 20, 1969: and

Whereas these dates occur approximately a month and a half subsequent to the beginning of the federal fiscal year; and

Whereas the dates occur approximately at the mid point in a student's monthly earnings during peak periods of employment in the summer months; and

Whereas the subsequent computations of students' monthly earnings during this period of changing ratios result in undue hardship on participating institutions; and

Whereas the changing ratios further complicate institutional application requests for federal funds to support the student financial aid programs and also complicates the preparation of the required federal fiscal reports of operations: Be it therefore

Resolved, That Section 124(f) as amended be further amended to provide that the date of change in the federal-institutional matching ratio be altered to coincide with the date (July 1) that the federal fiscal year begins.

(Referred to committee for further study by SASF^{AA} resolution passed by FASF^{AA})

The Committee on Federal Financial Aid Programs of the Florida Association of Student Financial Aid Administrators (F.A.S.F.A.A.) recommends that the following resolution be adopted and forwarded to the Southern Association of Student Financial Aid Administrators (S.A.S.F.A.A.) for its consideration and subsequent adoption.

Whereas it has become increasingly apparent that the proliferation by other governmental agencies and bureaus into the area of student financial aid programs in detrimental to the overall effectiveness of the programs; and

Whereas for example, the Nursing Student Loan Program provided for by the Nurse Training Act of 1964 duplicates to a large degree the National Defense Student Loan program in terms and conditions, even to the extent of cancellation provisions; and

Whereas the Nurse Training Act of 1964, as amended, now provides Educational Opportunity Grants for Nursing students under almost identical provisions as those provided for in the Higher Education Act of 1965; and

Whereas the Health Professions Educational Assistance Act of 1963 (as amended) authorized the establishment of a student loan program which duplicates to a large extent that of the National Defense Student Loan Program; and

Whereas these programs are essentially duplications of programs previously in existence and substantially affect and detract from the amount of dollars allocated for student assistance programs: be it therefore

Resolved, That the U.S. Office of Education, Congressmen and Senators representing the Southern Region, and other interested parties and organizations be notified and instructed to introduce and support legislative amendments to eliminate the proliferation and duplication of student financial aid programs, i.e., Nurse Training Act of 1964 and Health Professions Educational Assistance Act of 1963, and be it further

Resolved, That the various offices, individuals and organizations be further notified and instructed to introduce and support legislative amendments to the NDEA and EOG programs which will provide *adequate funds* and provisions to incorporate Nursing and Health Professions students.

(Passed by FASF^{AA}, referred to committee for further study by SASF^{AA})

II. Guaranteed loan program

Whereas the Florida Association of Student Financial Aid Administrators (F.A.S.F.A.A.) believes and advocates that this Guarantee Loan Program, pro-

vided by the Higher Education Act of 1965, be reserved for students who evidence financial need in order to meet the costs of their college education; and

Whereas the available funds for such guaranteed loans are being drained off by students whose families are perfectly capable of financing their education; and

Whereas under the present provisions of the Higher Education Act of 1965, need shall not be taken into consideration in making guaranteed loans; and

Whereas under the present provisions of the program, institutional directors of financial aid are prohibited from assessing financial need on the part of the applicants: Be it therefore

Resolved, That the Higher Education Act of 1965 be amended to provide that financial need be the primary consideration given to applicants seeking a Guaranteed Loan and that the financial aid officers of the educational institutions be required, as a result of their evaluations and analysis of the student's application, to recommend the amount of the loan for each applicant.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., February 27, 1968.

HON. EDITH GREEN,
Chairman, Special Subcommittee on Education,
Committee on Education and Labor,
House of Representatives.

DEAR MADAM CHAIRMAN: This report is in response to your request that we review and comment on the Treasury Department's comparison of the total cost to the Federal Government, for the insured student loan program under the Higher Education Act of 1965 as amended (20 U.S.C. 1071-1085), and the direct student loan program under the National Defense Education Act of 1958, as amended (20 U.S.C. 421-429). Both of these programs are administered by the Department of Health, Education, and Welfare.

The preparation of the cost comparison was undertaken initially by the Office of Education, Department of Health, Education, and Welfare, pursuant to your request during hearings before the Special Subcommittee on Education, Committee on Education and Labor, House of Representatives, relative to proposed amendments to the Higher Education Act of 1965. Subsequently, however, it was decided that the Treasury Department would prepare the cost comparison for the Subcommittee. The Under Secretary of the Treasury submitted the cost comparison to the Subcommittee by letter of October 30, 1967.

Pursuant to instructions contained in your request, the cost comparison was to be made on the basis of the costs under the insured and direct loan programs for 500 student borrowers, assuming that each student borrows \$1,000 a year for 4 years and has a 10-year repayment period. Additionally, the comparison was to give recognition to certain fees proposed in an amendment to section 428 of the Higher Education Act of 1965 which would authorize the Commissioner of Education to pay lending institutions a loan placement fee of not to exceed \$35 for the processing of each student loan and a conversation fee of not to exceed \$35 for the consolidation, to a repayment status, of all loans to each student.

The comparison was to show also the cost of the insured and direct loan programs with and without teacher-cancellation provisions. Such cancellation provisions exist under the direct loan program but are not applicable to the insured loan program.

The cancellation provisions for the direct loan program state that a maximum of 50 percent of loan indebtedness and interest may be canceled at the rate of 10 percent of the total loan, plus interest thereon, for each year that the borrower serves as a full-time teacher. A borrower who elects to teach in a school with a high concentration of students from low-income families or teach handicapped children may qualify for cancellation of his entire obligation at the rate of 15 percent per year.

The following cost comparison and accompanying footnotes were included in the Treasury Department's submission to the Subcommittee. In the cost comparison "NDEA" refers to the direct loan program and "GSLP" refers to the insured loan program.