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Statement by  
Honorable Ernest L. Boyer  
U.S. Commissioner of Education  
U.S. Office of Education  
Department of Health, Education, and Welfare  
Before the  
Subcommittee on Postsecondary Education  
Committee on Education and Labor  
U.S. House of Representatives  
Wednesday, May 25, 1977  
10:00 a.m.

Dr. Boyer is accompanied by:

Dr. Leonard H. O. Spearman, Acting Deputy Commissioner, Bureau of Higher and Continuing Education, U.S. Office of Education

Mrs. Mary Jane Calais, Acting Associate Commissioner for Guaranteed Student Loans, U.S. Office of Education

Mr. Richard J. Rowe, Acting Associate Deputy Commissioner, Bureau of Higher and Continuing Education, U.S. Office of Education

Mr. Peter K. U. Voigt, Director, Division of Basic and State Student Grants, Bureau of Student Financial Assistance, U.S. Office of Education

Mr. David C. Bayer, Chief, Planning Branch, Division of Program Development, Office of Guaranteed Student Loans, U.S. Office of Education

Linda Chavez, Special Assistant to the Assistant Secretary for Legislation (Education), HEW

Dr. Albert L. Alford, Assistant Commissioner for Legislation, U.S. Office of Education

Mr. William Dingeldein, Director, Education Budget Analysis Division, HEW

Mr. Chairman:

I welcome this opportunity to report to you on the status of our student assistance programs.

When oversight hearings were last held in May and June of 1974, we were just completing the 1974 Fiscal Year. At that time \$1,656,279,000 had been spent in the student assistance programs. Since that time there has been dramatic growth in these programs. Today, as we near the end of Fiscal Year 1977, student assistance expenditures are close to \$3,370,000,000.

And there are other statistics which are equally impressive: 2.8 million students are being served; 8,756 postsecondary education institutions are actively involved. During Fiscal Year 1977, 2,554,000 grants, 667,000 loans and 575,000 work opportunities were made available. In addition, every one of the 50 States and most of the territories now share in the State Student Incentive grants.

This expansion has not been without discomfort and some pain. There has been some fraud and abuse, and default rates are all too familiar to you.

Not all of these problems are behind us to be sure, but we are determined to see to it that these essential programs are both serviceable to students and well managed.

First, we have asked for and received through the appropriations process new positions to focus exclusively on fraud and abuse. Second, we have established a new Bureau of Student Financial Assistance. This

new Bureau, bringing together in one place the Basic Grant, State Student Incentive Grant, Supplemental Educational Opportunity Grant, College Work-Study, and National Direct Student Loan Programs (previously in the Bureau of Postsecondary Education), the Guaranteed Loan Program, (previously in the Office of Management), and the newly authorized Health Professions Guaranteed Loan Program. The reorganization will, we are convinced, bring better control and coordination to student assistance. Basic procedure, such as the way data are collected and assembled, are better managed when the programs are under the same management.

Third, we are selecting top professional leadership to direct this program.

Your invitation to appear today indicated your interest not only in examining our own internal coordination but in our relationship to other assistance programs--the Health Professions Act, the Social Security Act, and the Veterans Education and Employment Assistance Act. As noted previously, the new Health Professions Guaranteed Loan Program has been moved to the new Bureau of Student Financial Assistance. On the other hand, even though the Veterans and Social Security programs are expending substantial sums for student assistance, \$1,310,000,000 from Social Security and \$4,300,000,000 from the Veterans Administration, our direct relationship at the national level with these programs is limited. However, on the campus, the financial aid officer, takes into consideration all of these separate programs in putting together a package of assistance for the student.

Insofar as need is determined by Federal formula--for example in arriving at a Basic Grant entitlement--income from these sources is included in the computation.

In addition to better management, we are also moving vigorously to simplify the process. Just this week, Secretary Califano announced a new arrangement which will eliminate a duplicate Basic Educational Opportunity Grant program application form for 2.5 million families.

At present, most students applying for campus-based and Federal financial help must fill out two separate forms: One for the college and another for the Office of Education. Under the new plan, the second form will be eliminated. Students will no longer have to fill out a separate Basic Grant application. The Office of Education will use the information secured by the college--using either a College Scholarship Service (CSS), American College Testing (ACT) or a State scholarship form--to determine student financial need and to establish his or her eligibility to receive a Basic Grant.

A common date to start the processing of all student aid applications also will be introduced. Students and parents will be given the forms after December 1, with instructions that they are to be filled out and filed after January 1. This distribution date--which is currently used by BEOG--is later than the one now used by ACT and CSS. However, this new schedule will make it possible for families to report actual annual income to establish need rather than estimated annual income. This will assure that this grant money is going to those students and families who need it.

We estimate, for example, that by using the actual income figure for the campus-based program \$65 million of misdirected funds will be saved.

For those colleges and universities still wishing to make early admission decisions, an early application procedure is being developed by CSS and Act. "We intend to accommodate those universities and colleges who need more flexibility," Secretary Califano said.

Further, we have moved to streamline and simplify the process by which institutions apply for money under the campus-based programs. Currently, colleges and universities must reapply every year and in a cumbersome way to participate in this program. Regulations are now being developed which will permit the majority of institutions to use an abbreviated form. If there have been no substantial shifts in funding patterns or in program direction, institutions will use a short form based on their current year funding level. This will simplify the procedure and sharply reduce the paperwork. It will also provide for more equitable and uniform treatment of all applications. The new regulations will be published early this summer and will be in place when the next application review process occurs next October.

Also, the student assistance programs have launched a coordinated training activity to promote efficient management of the programs. A comprehensive handbook which will include Basic Grants, the campus-based programs, and the Guaranteed Student Loan Program is being prepared to focus on the proper administration of the programs.

In addition, the 1976 Amendments authorized a program of Federal/State matching funds to establish State programs to train student financial aid administrators. We have held a workshop on the new program and conducted other meetings to discuss criteria. Application forms and materials have been mailed out with an application deadline of June 10. It is anticipated that awards will be announced by June 30. In planning these training programs, we have been working closely with the Coalition for Coordination of Student Financial Aid, a nonprofit private organization which represents all segments of the postsecondary education community--institutions, financial aid officers, States and students. The Coalition is an outgrowth of the 1974 National Task Force on Student Aid problems, which was chaired by former Commissioner of Education Francis Keppel. We are determined to see to it that all major training activities are nonduplicative and provide for the greatest possible coverage and for effective and efficient administration.

Mr. Chairman, I'd also like to say a word about a growing problem--the independent student. As you know, in the sixties when most of our student aid was introduced, it was assumed that students were dependent upon their parents for support. This picture has, as you know, shifted sharply in recent years. The percentage of independent students eligible for Basic Grants has grown from 13.3 percent in the first year of operation in 1973-74 to 38.2 percent in the current year. This obviously has a dramatic impact on the whole concept of the family contribution--the assumption upon which our present assistance package is based. In addition, with the traditional college-aged population leveling off, a

greater portion of students are non-traditional above the traditional college going age. Here again, we are considering what adjustments might be made to accommodate that clientele.

Our review of the program also includes exploring strategies for addressing the needs of middle-income students. The programs at present are reaching substantial numbers of lower-middle-income students and more will be accommodated as some program requirements are relaxed. Clearly, the increase in the BEOG ceiling will allow that program to serve more middle-income students, as will raising the adjusted family income level to \$25,000 for the Guaranteed Student Loan Program. In addition, the 1976 amendments provided for up to 1/3 of the participants in certain special services programs to come from other than low-income families.

A Task Force has been established to see what might be done to expedite implementation of the new Health Professions Guaranteed Loan Program. There are significant differences from the existing Guaranteed Loan Program--most notably the lack of any interest subsidy or special allowance--which require careful attention and warrant a cautious approach.

We are implementing the changes authorized last Fall in the Education Amendments of 1976. A Regulations Task Force has been coordinating the development and publication of necessary regulations. Extra effort has been exerted to insure a wide public involvement. Just two weeks ago a series of hearings were held across the country on a major portion of the regulations. Proposed regulations have been published for the new Student Consumer Information provisions and for the authority to limit,

suspend, or terminate an institution's eligibility for the student assistance programs.

Mr. Chairman, we have compiled a more detailed history and status report on each of the programs which we would like to submit for the record.

We will be pleased to respond to any questions from the Committee.