

The original documents are located in Box 4, folder “1974/08/23 S3782 Extension of Health Professions Student Loan and Scholarship Programs” of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald R. Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

Exact duplicates within this folder were not digitized.

APPROVED
AUG 23 1974

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

AUG 16 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 3782 - Extension of Health Professions Student Loan and Scholarship Programs
Sponsor - Sen. Javits (R) New York

Postal
8/24

Last Day for Action

August 23, 1974 - Friday

To Archive
8/26

Purpose

Extends for one year the appropriations authorizations for the National Health Service Corps Scholarship Program and the health professions and nursing student loan programs.

Agency Recommendations

Office of Management and Budget

Approval (Signing statement attached)

Department of Health, Education, and Welfare

Approval (informal)

Discussion

The basic authorizations for various health manpower education programs administered by HEW expired on June 30, 1974. Pending enactment of an omnibus bill, S. 3782 would provide a one-year extension of those provisions of the Public Health Service Act relating to (a) loan funds for health professions and nursing schools, and (b) the National Health Service Scholarship Program.

The authorizations in the bill total \$135 million, compared to the \$70.5 million included in the 1975 Budget. We believe we can minimize the budgetary impact of the higher authorizations by working with the Appropriations Committees to stay within the budgeted amount.

The enrolled bill reflects the congressional intent in the fiscal year 1975 Continuing Resolution



(P.L. 93-324) that these existing student aid activities be continued while Congress considers the omnibus legislation. The report of the House Committee on S. 3782 notes that "the proposed legislation is similar to action taken in June and July, 1971, with the enactment of Public Law 92-52 which at that time also provided an emergency one-year extension of loan and scholarship programs, pending the completion of the Health Manpower Act of 1971."

Student Loans. Under the current health manpower law and the Continuing Resolution, HEW can continue to make grants for student loans based upon the number of students who previously received loans. HEW cannot, however, provide funds for loans to new health professions students entering for the coming academic year. The first purpose of S. 3782, therefore, is to authorize grant awards to the schools sufficient to permit making loans to new students. The appropriations authorized by S. 3782 for this purpose in 1975 would be \$95 million, the same amount authorized for 1974. The 1975 budget requests \$48 million for these activities.

New student loans are inconsistent with the Administration's health manpower student assistance proposals which would phase out the traditional categorical health manpower student scholarship and loan activities. The 1975 budget proposed a strategy of substantially expanding the National Health Service Corps Scholarship program which requires scholarship recipients to commit themselves to equivalent periods of service to meet public needs in the health sector. The Administration also proposed to rely upon the general student aid programs administered by the Office of Education in HEW which make assistance available on the basis of the financial need of the student. Passage by the Congress of S. 3782 indicates a rejection of the Administration's position on health professions and nursing student loans.

National Health Service Corps Scholarship Program. S. 3782 would expand the funding authorization for the National Health Service Corps Scholarship Program from \$3 million in 1974 to \$40 million in 1975. While an authorization increase is necessary to implement the 1975 budget request of \$22.5 million for this activity, the \$40 million authorization in S. 3782 substantially exceeds the amount sought by the Administration. The Administration's health manpower proposals requested the authorization of "such sums as may be necessary" as well as certain liberalizing modifications of current law. There is a good chance that the Administration's proposed modifications will be reflected in the general health manpower bill awaiting final congressional action.

Arguments for Approval

1. There is precedent for S. 3782 in the prior enactment, for similar purposes, of Public Law 92-52.

2. Passage of S. 3782 reflects congressional uncertainty--not unwarranted, in view of current conditions in the financial markets--over whether the general student loan mechanisms administered by the Office of Education will be able to respond adequately to the relatively greater financial needs of most health professions students.

3. The increased funding authorized for the National Health Service Corps Scholarship Program is desirable, in view of the Administration's strong commitment to this form of student aid and the apparent widespread interest among health professions students in committing themselves to public service in return for financial aid.

4. S. 3782 passed both Houses by substantial margins (371 to 9 in the House, voice vote in the Senate). A veto would be difficult to sustain.

Arguments for Disapproval

1. S. 3782 would perpetuate a student loan program that is not needed as a mechanism to assure adequate numbers of health professions students, the basic and original purpose of the program. Recent findings by the General Accounting Office reveal that the categorical health manpower student aid programs, including the loan program, have been unsuccessful in achieving their other purposes, i.e., directing Federal funds to financially needy students and improving the geographic distribution of health personnel.

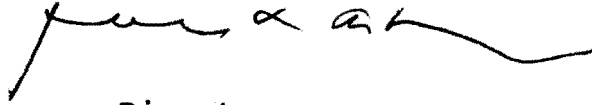
2. Continued existence of the student loan funds--with their liberal repayment provisions and heavily subsidized (3%) interest rates--may attract students that would otherwise participate in the service commitment scholarship program.

3. The uncertain resource requirements for the National Health Service Corps Scholarship Program make it desirable to have a "such sums" appropriation authorization in lieu of the fixed dollar amount contained in S. 3782.

4. A veto indicating your support for the scholarship provisions of S. 3782 would restate your commitment to oppose unnecessary spending--in this case, for student loans that do not address national needs.

Recommendation

The arguments for disapproval are compelling in most respects, but are outweighed in our judgment by those for approval. Especially important is the desirability for expanding the scope of the National Health Corps Service Scholarship Program without further delay, in view of the imminent start of a new academic year. Once such an expanded program is in place, the chances of phasing out the categorical student loan activities may be improved. A draft signing statement is attached for your consideration.



Director

Enclosures

APPROVED
AUG 23 1974

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

AUG 16 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 3782 - Extension of Health
Professions Student Loan and Scholarship Programs
Sponsor - Sen. Javits (R) New York and 13 others

Last Day for Action

August 23, 1974 - Friday

Purpose

Amends the Public Health Service Act to extend for one year the appropriations authorizations for the National Health Service Corps Scholarship Program and the health professions and nursing student loan programs.

Agency Recommendations

Office of Management and Budget

Approval (Signing
statement attached)

Department of Health, Education,
and Welfare

Approval (informal)

Discussion

The basic authorizations for the health manpower education programs administered by the Department of Health, Education, and Welfare expired on June 30, 1974. Although congressional committees are in the final stages of marking up legislation to revise and extend these programs, it is unlikely that an omnibus health manpower bill will be available for your consideration until late this Fall.

In recognition of this legislative schedule, S. 3782 would provide a one-year extension of those provisions of the Public Health Service Act relating to (a) loan funds for health professions and nursing schools, and (b) the National Health Service Scholarship Program. The enrolled bill reflects the congressional intent in the FY 1975 Continuing Resolution



*Corrected page
distributed
8-19-74*

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

AUG 16 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 3782 - Extension of Health
Professions Student Loan and Scholarship Programs
Sponsor - Sen. Javits (R) New York

Last Day for Action

August 23, 1974 - Friday

Purpose

Extends for one year the appropriations authorizations for the National Health Service Corps Scholarship Program and the health professions and nursing student loan programs.

Agency Recommendations

Office of Management and Budget	Approval (Signing statement attached)
Department of Health, Education, and Welfare	Approval (informal)

Discussion

The basic authorizations for various health manpower education programs administered by HEW expired on June 30, 1974. Pending enactment of an omnibus bill, S. 3782 would provide a one-year extension of those provisions of the Public Health Service Act relating to (a) loan funds for health professions and nursing schools, and (b) the National Health Service Scholarship Program.

The authorizations in the bill total \$135 million, compared to the \$70.5 million included in the 1975 Budget. We believe we can minimize the budgetary impact of the higher authorizations by working with the Appropriations Committees to stay within the budgeted amount.

The enrolled bill reflects the congressional intent in the fiscal year 1975 Continuing Resolution



To -
Harmon Hendricks
8-16-74

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

AUG 16 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 3782 - Extension of Health Professions Student Loan and Scholarship Programs
Sponsor - Sen. Javits (R) New York and 13 others

Last Day for Action

August 23, 1974 - Friday

Purpose

Amends the Public Health Service Act to extend for one year the appropriations authorizations for the National Health Service Corps Scholarship Program and the health professions and nursing student loan programs.

Agency Recommendations

Office of Management and Budget

Approval (Signing statement attached)

Department of Health, Education, and Welfare

Approval (informal)

Discussion

The basic authorizations for the health manpower education programs administered by the Department of Health, Education, and Welfare expired on June 30, 1974. Although congressional committees are in the final stages of marking up legislation to revise and extend these programs, it is unlikely that an omnibus health manpower bill will be available for your consideration until late this Fall.

In recognition of this legislative schedule, S. 3782 would provide a one-year extension of those provisions of the Public Health Service Act relating to (a) loan funds for health professions and nursing schools, and (b) the National Health Service Scholarship Program. The enrolled bill reflects the congressional intent in the FY 1975 Continuing Resolution

(P.L. 93-324) that these existing student aid activities be continued while Congress considers the omnibus legislation. The report of the House Committee on S. 3782 notes that "the proposed legislation is similar to action taken in June and July, 1971, with the enactment of Public Law 92-52 which at that time also provided an emergency one-year extension of loan and scholarship programs, pending the completion of the Health Manpower Act of 1971."

Student Loans. Under the current health manpower law and the Continuing Resolution, HEW can continue to make grants for student loans based upon the number of students who previously received loans. HEW cannot, however, provide funds for loans to new health professions students entering for the coming academic year. The first purpose of S. 3782, therefore, is to authorize grant awards to the schools sufficient to permit making loans to new students. The appropriations authorized by S. 3782 for this purpose in 1975 would be \$95 million, the same amount authorized for 1974. The 1975 budget requests \$48 million for these activities.

New student loans are inconsistent with the Administration's health manpower student assistance proposals which would phase out the traditional categorical health manpower student scholarship and loan activities. The 1975 budget proposed a strategy of substantially expanding the National Health Service Corps Scholarship program which requires scholarship recipients to commit themselves to equivalent periods of service to meet public needs in the health sector. The Administration also proposed to rely upon the general student aid programs administered by the Office of Education in HEW which make assistance available on the basis of the financial need of the student. Passage by the Congress of S. 3782 indicates a rejection of the Administration's position on health professions and nursing student loans.

National Health Service Corps Scholarship Program. S. 3782 would expand the funding authorization for the National Health Service Corps Scholarship Program from \$3 million in 1974 to \$40 million in 1975. While an authorization increase is necessary to implement the 1975 budget request of \$22.5 million for this activity, the \$40 million authorization in S. 3782 substantially exceeds the amount sought by the Administration. The Administration's health manpower proposals requested the authorization of "such sums as may be necessary" as well as certain liberalizing modifications of current law. There is a good chance that the Administration's proposed modifications will be reflected in the general health manpower bill awaiting final congressional action.

Arguments for Approval

1. There is precedent for S. 3782 in the prior enactment, for similar purposes, of Public Law 92-52.

2. Passage of S. 3782 reflects congressional uncertainty--not unwarranted, in view of current conditions in the financial markets--over whether the general student loan mechanisms administered by the Office of Education will be able to respond adequately to the relatively greater financial needs of most health professions students.

3. The increased funding authorized for the National Health Service Corps Scholarship Program is desirable, in view of the Administration's strong commitment to this form of student aid and the apparent widespread interest among health professions students in committing themselves to public service in return for financial aid.

4. S. 3782 passed both Houses by substantial margins (371 to 9 in the House, voice vote in the Senate). A veto would be difficult to sustain.

Arguments for Disapproval

1. S. 3782 would perpetuate a student loan program that is not needed as a mechanism to assure adequate numbers of health professions students, the basic and original purpose of the program. Recent findings by the General Accounting Office reveal that the categorical health manpower student aid programs, including the loan program, have been unsuccessful in achieving their other purposes, i.e., directing Federal funds to financially needy students and improving the geographic distribution of health personnel.

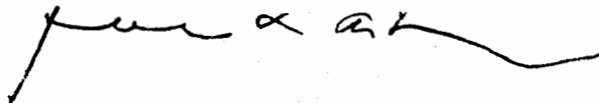
2. Continued existence of the student loan funds--with their liberal repayment provisions and heavily subsidized (3%) interest rates--may attract students that would otherwise participate in the service commitment scholarship program.

3. The uncertain resource requirements for the National Health Service Corps Scholarship Program make it desirable to have a "such sums" appropriation authorization in lieu of the fixed dollar amount contained in S. 3782.

4. A veto indicating your support for the scholarship provisions of S. 3782 would restate your commitment to oppose unnecessary spending--in this case, for student loans that do not address national needs.

Recommendation

The arguments for disapproval are compelling in most respects, but are outweighed in our judgment by those for approval. Especially important is the desirability for expanding the scope of the National Health Corps Service Scholarship Program without further delay, in view of the imminent start of a new academic year. Once such an expanded program is in place, the chances of phasing out the categorical student loan activities may be improved. A draft signing statement is attached for your consideration.



Director

Enclosures

STATEMENT BY THE PRESIDENT

I have today signed into law S. 3782, a measure that provides a one-year extension of authority to fund certain student assistance activities under the Public Health Service Act. The bill would extend the appropriation authorities for the National Health Service Corps Scholarship program and the health professions and nursing student loan programs.

My decision to approve S. 3782 reflects the importance and desirability of prompt expansion of the National Health Service Corps Scholarship program, as requested in the Administration's 1975 Budget.

Under that program, health professions students who commit themselves to periods of professional service to meet public needs in the health sector may receive scholarship payments to meet their educational costs. I view this worthwhile program as the most promising mechanism to help health professions students in overcoming financial barriers to their education. It also affords an equitable and potentially far-reaching instrument through which the nation can improve the geographic distribution pattern of health manpower and, at the same time, assure the agencies an adequate number of health professionals to meet direct Federal health care responsibilities.

I wish, at the same time, however, to register my reservations with regard to those provisions of S. 3782 which authorize perpetuation of the health manpower direct student loan programs. A recent General Accounting Office report found that the direct loan programs were deficient in terms of the manner in which the funds have been administered by

the schools. The 1975 Budget proposed a phased termination of further Federal contributions to the loan funds, a position I wish at this time to reaffirm. It is my intention to rely on an expanded National Health Service Corps Scholarship program, in place of continued use of the direct loan program.

THE WHITE HOUSE
WASHINGTON

ENROLLED BILL

SUBJECT: Enrolled Bill S. 3782 - Extension of

Health Professions Student Loan and
Scholarship Programs

<u>Name</u>	<u>Approval</u>	<u>Date</u>
<u>James Cavanaugh</u>	<u>Yes</u>	<u> </u>
<u>Phil Buchen</u>	<u>Yes</u>	<u> </u>
<u>Bill Timmons</u>	<u>Yes</u>	<u> </u>
<u>Ken Cole</u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

Comments:

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 521

Date: August 19, 1974

Time: 9:30 a.m.

FOR ACTION: ✓ James Cavanaugh

cc (for information): Warren K. Hendriks

~~Eric Bushardt~~ Phil Buchen
✓ Bill Timmons

Jerry Jones
Dave Gergen

FROM THE STAFF SECRETARY

DUE: Date: Tuesday, August 20, 1974

Time: 2:00 p.m.

SUBJECT: Enrolled Bill S. 3782 - Extension of Health Professions
Student Loan and Scholarship Programs

ACTION REQUESTED:

___ For Necessary Action

XX For Your Recommendations

___ Prepare Agenda and Brief

___ Draft Reply

___ For Your Comments

___ Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President



THE WHITE HOUSE
WASHINGTON

8/19/74

TO: WARREN HENDRIKS

OMB has asked that the
attached page be substituted for page
one of the bill report that was sent to
you on August 16.

422
old page
one
attached

RL
Robert D. Linder

STATEMENT BY THE PRESIDENT

I have today signed into law S. 3782, a measure that provides a one-year extension of authority to fund certain student assistance activities under the Public Health Service Act. The bill would extend the appropriation authorities for the National Health Service Corps Scholarship program and the health professions and nursing student loan programs.

My decision to approve S. 3782 reflects the importance and desirability of prompt expansion of the National Health Service Corps Scholarship program, as requested in the Administration's 1975 Budget.

Under that program, health professions students who commit themselves to periods of professional service to meet public needs in the health sector may receive scholarship payments to meet their educational costs. I view this worthwhile program as the most promising mechanism to help health professions students in overcoming financial barriers to their education. It also affords an equitable and potentially far-reaching instrument through which the nation can improve the geographic distribution pattern of health manpower and, at the same time, assure the agencies an adequate number of health professionals to meet direct Federal health care responsibilities.

I wish, at the same time, however, to register my reservations with regard to those provisions of S. 3782 which authorize perpetuation of the health manpower direct student loan programs. A recent General Accounting Office report found that the direct loan programs were deficient in terms of the manner in which the funds have been administered by



the schools. The 1975 Budget proposed a phased termination of further Federal contributions to the loan funds, a position I wish at this time to reaffirm. It is my intention to rely on an expanded National Health Service Corps Scholarship program, in place of continued use of the direct loan program.



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Honorable Roy L. Ash
Director, Office of Management
and Budget
Washington, D. C. 20503

AUG 16 1974

Dear Mr. Ash:

This is in response to Mr. Rommel's request of August 12, 1974, for a report on S. 3782, an enrolled bill "To amend the Public Health Service Act to extend through fiscal year 1975 the scholarship program for the National Health Service Corps and the loan program for health professions students."

The enrolled bill would authorize to be appropriated, for fiscal year 1975, \$40,000,000 for National Health Service Corps scholarships, \$60,000,000 for Federal contributions to the loan funds of medical and related schools to be used to assist beginning students in medicine and related fields, and \$35,000,000 for Federal contributions to the loan funds of nursing schools to be used to assist beginning nursing students.

The fiscal year 1974 appropriation for National Health Service Corps scholarships was \$3,000,000. The fiscal year 1975 budget requests \$22,500,000 for that purpose and the Department favors enactment of an authorization sufficient to cover the appropriation we have requested. Although the authorization provided in the enrolled bill exceeds this amount, we support its enactment.

The fiscal year 1975 budget requests no funds for loans to beginning health professions and nursing students, and our health manpower legislative proposals would not extend these loan programs. The proponents of the bill intend the loan funds provisions to serve as an emergency, stopgap measure to enable health professions and nursing schools to provide aid to incoming students this fall, pending the passage of a comprehensive health manpower bill to

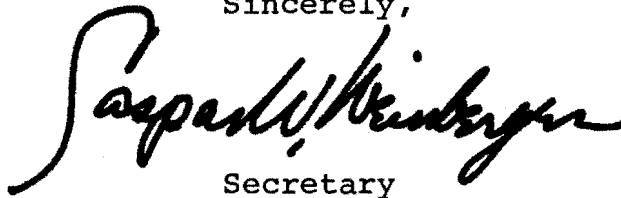
Honorable Roy L. Ash

2

cover future years. However, the Department continues to adhere to its view that direct Federal loan programs for students in health professions and nursing schools are no longer needed to assure an adequate supply of graduates from these institutions, particularly in light of the Administration's proposal to raise the ceiling on Federally guaranteed student loans. If the enrolled bill becomes law, we intend to continue to oppose the appropriation of any funds for loans to beginning students under these programs.

The Department therefore recommends that the enrolled bill be approved so that the funds requested by the Department for National Health Service Corps scholarships can be appropriated. A draft signing statement is enclosed.

Sincerely,

A handwritten signature in cursive script, appearing to read "Sargent Shriver". The signature is written in black ink and is positioned above the printed name "Secretary".

Secretary

Enclosure

DRAFT SIGNING STATEMENT

I am today signing into law S. 3782. This law authorizes the appropriation of \$40,000,000 for National Health Service Corps scholarships. The Administration has requested the appropriation of \$22,500,000, a marked increase over the \$3,000,000 appropriated for fiscal year 1974. I continue to be opposed to appropriations in excess of that request.

The law also authorizes funds for loans to beginning health professions and nursing students. I believe that direct Federal loan programs for students in the health professions and nursing are no longer needed to assure an adequate supply of graduates from these institutions, particularly in light of the Administration's proposal to raise the ceiling on Federally guaranteed student loans. Consequently, I intend to oppose the appropriation of any funds for such loans other than those funds proposed in my budget to allow the Federal Government to meet its commitments to students who were previously assisted by this program.



THE WHITE HOUSE

WASHINGTON

August 19, 1974

MEMORANDUM FOR: MR. WARREN HENDRIKS

FROM: WILLIAM E. TIMMONS *P.A.M. JOWET*

SUBJECT: Action Memorandum - Log No. 521
Enrolled Bill S. 3782 - Extension of Health
Professions Student Loan and Scholarship
Programs

The Office of Legislative Affairs concurs in the attached proposal and has no additional recommendations.

Attachment

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 521

Date: August 19, 1974

Time:

9:30 a. m.

FOR ACTION: James Cavanaugh
Fred Buzhardt
✓ Bill Timmons

cc (for information): Warren K. Hendriks
Jerry Jones
Dave Gergen

FROM THE STAFF SECRETARY

DUE: Date: Tuesday, August 20, 1974

Time:

2:00 p. m.

SUBJECT: Enrolled Bill S. 3782 - Extension of Health Professions
Student Loan and Scholarship Programs

ACTION REQUESTED:

___ For Necessary Action

XX For Your Recommendations

___ Prepare Agenda and Brief

___ Draft Reply

___ For Your Comments

___ Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

AUG 16 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 3782 - Extension of Health
Professions Student Loan and Scholarship Programs
Sponsor - Sen. Javits (R) New York and 13 others

Last Day for Action

August 23, 1974 - Friday

Purpose

Amends the Public Health Service Act to extend for one year the appropriations authorizations for the National Health Service Corps Scholarship Program and the health professions and nursing student loan programs.

Agency Recommendations

Office of Management and Budget

Approval (Signing
statement attached)

Department of Health, Education,
and Welfare

Approval (informal)

Discussion

The basic authorizations for the health manpower education programs administered by the Department of Health, Education, and Welfare expired on June 30, 1974. Although congressional committees are in the final stages of marking up legislation to revise and extend these programs, it is unlikely that an omnibus health manpower bill will be available for your consideration until late this Fall.

In recognition of this legislative schedule, S. 3782 would provide a one-year extension of those provisions of the Public Health Service Act relating to (a) loan funds for health professions and nursing schools, and (b) the National Health Service Scholarship Program. The enrolled bill reflects the congressional intent in the FY 1975 Continuing Resolution

(P.L. 93-324) that these existing student aid activities be continued while Congress considers the omnibus legislation. The report of the House Committee on S. 3782 notes that "the proposed legislation is similar to action taken in June and July, 1971, with the enactment of Public Law 92-52 which at that time also provided an emergency one-year extension of loan and scholarship programs, pending the completion of the Health Manpower Act of 1971."

Student Loans. Under the current health manpower law and the Continuing Resolution, HEW can continue to make grants for student loans based upon the number of students who previously received loans. HEW cannot, however, provide funds for loans to new health professions students entering for the coming academic year. The first purpose of S. 3782, therefore, is to authorize grant awards to the schools sufficient to permit making loans to new students. The appropriations authorized by S. 3782 for this purpose in 1975 would be \$95 million, the same amount authorized for 1974. The 1975 budget requests \$48 million for these activities.

New student loans are inconsistent with the Administration's health manpower student assistance proposals which would phase out the traditional categorical health manpower student scholarship and loan activities. The 1975 budget proposed a strategy of substantially expanding the National Health Service Corps Scholarship program which requires scholarship recipients to commit themselves to equivalent periods of service to meet public needs in the health sector. The Administration also proposed to rely upon the general student aid programs administered by the Office of Education in HEW which make assistance available on the basis of the financial need of the student. Passage by the Congress of S. 3782 indicates a rejection of the Administration's position on health professions and nursing student loans.

National Health Service Corps Scholarship Program. S. 3782 would expand the funding authorization for the National Health Service Corps Scholarship Program from \$3 million in 1974 to \$40 million in 1975. While an authorization increase is necessary to implement the 1975 budget request of \$22.5 million for this activity, the \$40 million authorization in S. 3782 substantially exceeds the amount sought by the Administration. The Administration's health manpower proposals requested the authorization of "such sums as may be necessary" as well as certain liberalizing modifications of current law. There is a good chance that the Administration's proposed modifications will be reflected in the general health manpower bill awaiting final congressional action.

Arguments for Approval

1. There is precedent for S. 3782 in the prior enactment, for similar purposes, of Public Law 92-52.

2. Passage of S. 3782 reflects congressional uncertainty--not unwarranted, in view of current conditions in the financial markets--over whether the general student loan mechanisms administered by the Office of Education will be able to respond adequately to the relatively greater financial needs of most health professions students.

3. The increased funding authorized for the National Health Service Corps Scholarship Program is desirable, in view of the Administration's strong commitment to this form of student aid and the apparent widespread interest among health professions students in committing themselves to public service in return for financial aid.

4. S. 3782 passed both Houses by substantial margins (371 to 9 in the House, voice vote in the Senate). A veto would be difficult to sustain.

Arguments for Disapproval

1. S. 3782 would perpetuate a student loan program that is not needed as a mechanism to assure adequate numbers of health professions students, the basic and original purpose of the program. Recent findings by the General Accounting Office reveal that the categorical health manpower student aid programs, including the loan program, have been unsuccessful in achieving their other purposes, i.e., directing Federal funds to financially needy students and improving the geographic distribution of health personnel.

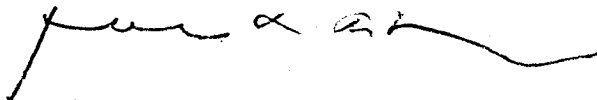
2. Continued existence of the student loan funds--with their liberal repayment provisions and heavily subsidized (3%) interest rates--may attract students that would otherwise participate in the service commitment scholarship program.

3. The uncertain resource requirements for the National Health Service Corps Scholarship Program make it desirable to have a "such sums" appropriation authorization in lieu of the fixed dollar amount contained in S. 3782.

4. A veto indicating your support for the scholarship provisions of S. 3782 would restate your commitment to oppose unnecessary spending--in this case, for student loans that do not address national needs.

Recommendation

The arguments for disapproval are compelling in most respects, but are outweighed in our judgment by those for approval. Especially important is the desirability for expanding the scope of the National Health Corps Service Scholarship Program without further delay, in view of the imminent start of a new academic year. Once such an expanded program is in place, the chances of phasing out the categorical student loan activities may be improved. A draft signing statement is attached for your consideration.



Director

Enclosures

STATEMENT BY THE PRESIDENT

I have today signed into law S. 3782, a measure that provides a one-year extension of authority to fund certain student assistance activities under the Public Health Service Act. The bill would extend the appropriation authorities for the National Health Service Corps Scholarship program and the health professions and nursing student loan programs.

My decision to approve S. 3782 reflects the importance and desirability of prompt expansion of the National Health Service Corps Scholarship program, as requested in the Administration's 1975 Budget.

Under that program, health professions students who commit themselves to periods of professional service to meet public needs in the health sector may receive scholarship payments to meet their educational costs. I view this worthwhile program as the most promising mechanism to help health professions students in overcoming financial barriers to their education. It also affords an equitable and potentially far-reaching instrument through which the nation can improve the geographic distribution pattern of health manpower and, at the same time, assure the agencies an adequate number of health professionals to meet direct Federal health care responsibilities.

I wish, at the same time, however, to register my reservations with regard to those provisions of S. 3782 which authorize perpetuation of the health manpower direct student loan programs. A recent General Accounting Office report found that the direct loan programs were deficient in terms of the manner in which the funds have been administered by

the schools. The 1975 Budget proposed a phased termination of further Federal contributions to the loan funds, a position I wish at this time to reaffirm. It is my intention to rely on an expanded National Health Service Corps Scholarship program, in place of continued use of the direct loan program.



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Honorable Roy L. Ash
Director, Office of Management
and Budget
Washington, D. C. 20503

AUG 16 1974

Dear Mr. Ash:

This is in response to Mr. Rommel's request of August 12, 1974, for a report on S. 3782, an enrolled bill "To amend the Public Health Service Act to extend through fiscal year 1975 the scholarship program for the National Health Service Corps and the loan program for health professions students."

The enrolled bill would authorize to be appropriated, for fiscal year 1975, \$40,000,000 for National Health Service Corps scholarships, \$60,000,000 for Federal contributions to the loan funds of medical and related schools to be used to assist beginning students in medicine and related fields, and \$35,000,000 for Federal contributions to the loan funds of nursing schools to be used to assist beginning nursing students.

The fiscal year 1974 appropriation for National Health Service Corps scholarships was \$3,000,000. The fiscal year 1975 budget requests \$22,500,000 for that purpose and the Department favors enactment of an authorization sufficient to cover the appropriation we have requested. Although the authorization provided in the enrolled bill exceeds this amount, we support its enactment.

The fiscal year 1975 budget requests no funds for loans to beginning health professions and nursing students, and our health manpower legislative proposals would not extend these loan programs. The proponents of the bill intend the loan funds provisions to serve as an emergency, stopgap measure to enable health professions and nursing schools to provide aid to incoming students this fall, pending the passage of a comprehensive health manpower bill to

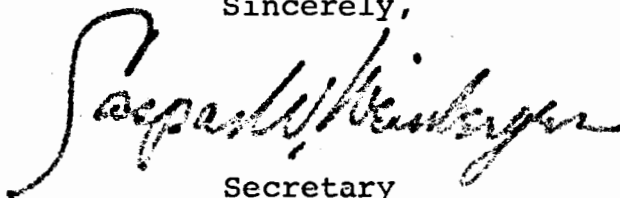
Honorable Roy L. Ash

2

cover future years. However, the Department continues to adhere to its view that direct Federal loan programs for students in health professions and nursing schools are no longer needed to assure an adequate supply of graduates from these institutions, particularly in light of the Administration's proposal to raise the ceiling on Federally guaranteed student loans. If the enrolled bill becomes law, we intend to continue to oppose the appropriation of any funds for loans to beginning students under these programs.

The Department therefore recommends that the enrolled bill be approved so that the funds requested by the Department for National Health Service Corps scholarships can be appropriated. A draft signing statement is enclosed.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joseph W. Keiser".

Secretary

Enclosure

DRAFT SIGNING STATEMENT

I am today signing into law S. 3782. This law authorizes the appropriation of \$40,000,000 for National Health Service Corps scholarships. The Administration has requested the appropriation of \$22,500,000, a marked increase over the \$3,000,000 appropriated for fiscal year 1974. I continue to be opposed to appropriations in excess of that request.

The law also authorizes funds for loans to beginning health professions and nursing students. I believe that direct Federal loan programs for students in the health professions and nursing are no longer needed to assure an adequate supply of graduates from these institutions, particularly in light of the Administration's proposal to raise the ceiling on Federally guaranteed student loans. Consequently, I intend to oppose the appropriation of any funds for such loans other than those funds proposed in my budget to allow the Federal Government to meet its commitments to students who were previously assisted by this program.

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 521

Date: August 19, 1974

Time: 9:30 a. m.

FOR ACTION: James Cavanaugh
 ✓ Phil Buchen
 Bill Timmons

cc (for information): Warren K. Hendriks
 Jerry Jones
 Dave Gergen

FROM THE STAFF SECRETARY

DUE: Date: Tuesday, August 20, 1974

Time: 2:00 p. m.

SUBJECT: Enrolled Bill S. 3782 - Extension of Health Professions
 Student Loan and Scholarship Programs

ACTION REQUESTED:

 For Necessary Action For Your Recommendations Prepare Agenda and Brief Draft Reply For Your Comments Draft Remarks

REMARKS:

*No objection
 H.C.*

Please return to Kathy Tindle - West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
 For the President

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

AUG 16 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 3782 - Extension of Health
Professions Student Loan and Scholarship Programs
Sponsor - Sen. Javits (R) New York and 13 others

Last Day for Action

August 23, 1974 - Friday

Purpose

Amends the Public Health Service Act to extend for one year the appropriations authorizations for the National Health Service Corps Scholarship Program and the health professions and nursing student loan programs.

Agency Recommendations

Office of Management and Budget

Approval (Signing
statement attached)

Department of Health, Education,
and Welfare

Approval (informal)

Discussion

The basic authorizations for the health manpower education programs administered by the Department of Health, Education, and Welfare expired on June 30, 1974. Although congressional committees are in the final stages of marking up legislation to revise and extend these programs, it is unlikely that an omnibus health manpower bill will be available for your consideration until late this Fall.

In recognition of this legislative schedule, S. 3782 would provide a one-year extension of those provisions of the Public Health Service Act relating to (a) loan funds for health professions and nursing schools, and (b) the National Health Service Scholarship Program. The enrolled bill reflects the congressional intent in the FY 1975 Continuing Resolution

(P.L. 93-324) that these existing student aid activities be continued while Congress considers the omnibus legislation. The report of the House Committee on S. 3782 notes that "the proposed legislation is similar to action taken in June and July, 1971, with the enactment of Public Law 92-52 which at that time also provided an emergency one-year extension of loan and scholarship programs, pending the completion of the Health Manpower Act of 1971."

Student Loans. Under the current health manpower law and the Continuing Resolution, HEW can continue to make grants for student loans based upon the number of students who previously received loans. HEW cannot, however, provide funds for loans to new health professions students entering for the coming academic year. The first purpose of S. 3782, therefore, is to authorize grant awards to the schools sufficient to permit making loans to new students. The appropriations authorized by S. 3782 for this purpose in 1975 would be \$95 million, the same amount authorized for 1974. The 1975 budget requests \$48 million for these activities.

New student loans are inconsistent with the Administration's health manpower student assistance proposals which would phase out the traditional categorical health manpower student scholarship and loan activities. The 1975 budget proposed a strategy of substantially expanding the National Health Service Corps Scholarship program which requires scholarship recipients to commit themselves to equivalent periods of service to meet public needs in the health sector. The Administration also proposed to rely upon the general student aid programs administered by the Office of Education in HEW which make assistance available on the basis of the financial need of the student. Passage by the Congress of S. 3782 indicates a rejection of the Administration's position on health professions and nursing student loans.

National Health Service Corps Scholarship Program. S. 3782 would expand the funding authorization for the National Health Service Corps Scholarship Program from \$3 million in 1974 to \$40 million in 1975. While an authorization increase is necessary to implement the 1975 budget request of \$22.5 million for this activity, the \$40 million authorization in S. 3782 substantially exceeds the amount sought by the Administration. The Administration's health manpower proposals requested the authorization of "such sums as may be necessary" as well as certain liberalizing modifications of current law. There is a good chance that the Administration's proposed modifications will be reflected in the general health manpower bill awaiting final congressional action.

Arguments for Approval

1. There is precedent for S. 3782 in the prior enactment, for similar purposes, of Public Law 92-52.

2. Passage of S. 3782 reflects congressional uncertainty--not unwarranted, in view of current conditions in the financial markets--over whether the general student loan mechanisms administered by the Office of Education will be able to respond adequately to the relatively greater financial needs of most health professions students.

3. The increased funding authorized for the National Health Service Corps Scholarship Program is desirable, in view of the Administration's strong commitment to this form of student aid and the apparent widespread interest among health professions students in committing themselves to public service in return for financial aid.

4. S. 3782 passed both Houses by substantial margins (371 to 9 in the House, voice vote in the Senate). A veto would be difficult to sustain.

Arguments for Disapproval

1. S. 3782 would perpetuate a student loan program that is not needed as a mechanism to assure adequate numbers of health professions students, the basic and original purpose of the program. Recent findings by the General Accounting Office reveal that the categorical health manpower student aid programs, including the loan program, have been unsuccessful in achieving their other purposes, i.e., directing Federal funds to financially needy students and improving the geographic distribution of health personnel.

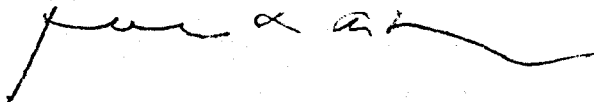
2. Continued existence of the student loan funds--with their liberal repayment provisions and heavily subsidized (3%) interest rates--may attract students that would otherwise participate in the service commitment scholarship program.

3. The uncertain resource requirements for the National Health Service Corps Scholarship Program make it desirable to have a "such sums" appropriation authorization in lieu of the fixed dollar amount contained in S. 3782.

4. A veto indicating your support for the scholarship provisions of S. 3782 would restate your commitment to oppose unnecessary spending--in this case, for student loans that do not address national needs.

Recommendation

The arguments for disapproval are compelling in most respects, but are outweighed in our judgment by those for approval. Especially important is the desirability for expanding the scope of the National Health Corps Service Scholarship Program without further delay, in view of the imminent start of a new academic year. Once such an expanded program is in place, the chances of phasing out the categorical student loan activities may be improved. A draft signing statement is attached for your consideration.



Director

Enclosures

STATEMENT BY THE PRESIDENT

I have today signed into law S. 3782, a measure that provides a one-year extension of authority to fund certain student assistance activities under the Public Health Service Act. The bill would extend the appropriation authorities for the National Health Service Corps Scholarship program and the health professions and nursing student loan programs.

My decision to approve S. 3782 reflects the importance and desirability of prompt expansion of the National Health Service Corps Scholarship program, as requested in the Administration's 1975 Budget.

Under that program, health professions students who commit themselves to periods of professional service to meet public needs in the health sector may receive scholarship payments to meet their educational costs. I view this worthwhile program as the most promising mechanism to help health professions students in overcoming financial barriers to their education. It also affords an equitable and potentially far-reaching instrument through which the nation can improve the geographic distribution pattern of health manpower and, at the same time, assure the agencies an adequate number of health professionals to meet direct Federal health care responsibilities.

I wish, at the same time, however, to register my reservations with regard to those provisions of S. 3782 which authorize perpetuation of the health manpower direct student loan programs. A recent General Accounting Office report found that the direct loan programs were deficient in terms of the manner in which the funds have been administered by

the schools. The 1975 Budget proposed a phased termination of further Federal contributions to the loan funds, a position I wish at this time to reaffirm. It is my intention to rely on an expanded National Health Service Corps Scholarship program, in place of continued use of the direct loan program.



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Honorable Roy L. Ash
Director, Office of Management
and Budget
Washington, D. C. 20503

AUG 16 1974

Dear Mr. Ash:

This is in response to Mr. Rommel's request of August 12, 1974, for a report on S. 3782, an enrolled bill "To amend the Public Health Service Act to extend through fiscal year 1975 the scholarship program for the National Health Service Corps and the loan program for health professions students."

The enrolled bill would authorize to be appropriated, for fiscal year 1975, \$40,000,000 for National Health Service Corps scholarships, \$60,000,000 for Federal contributions to the loan funds of medical and related schools to be used to assist beginning students in medicine and related fields, and \$35,000,000 for Federal contributions to the loan funds of nursing schools to be used to assist beginning nursing students.

The fiscal year 1974 appropriation for National Health Service Corps scholarships was \$3,000,000. The fiscal year 1975 budget requests \$22,500,000 for that purpose and the Department favors enactment of an authorization sufficient to cover the appropriation we have requested. Although the authorization provided in the enrolled bill exceeds this amount, we support its enactment.

The fiscal year 1975 budget requests no funds for loans to beginning health professions and nursing students, and our health manpower legislative proposals would not extend these loan programs. The proponents of the bill intend the loan funds provisions to serve as an emergency, stopgap measure to enable health professions and nursing schools to provide aid to incoming students this fall, pending the passage of a comprehensive health manpower bill to

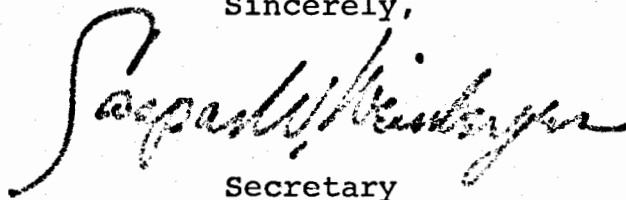
Honorable Roy L. Ash

2

cover future years. However, the Department continues to adhere to its view that direct Federal loan programs for students in health professions and nursing schools are no longer needed to assure an adequate supply of graduates from these institutions, particularly in light of the Administration's proposal to raise the ceiling on Federally guaranteed student loans. If the enrolled bill becomes law, we intend to continue to oppose the appropriation of any funds for loans to beginning students under these programs.

The Department therefore recommends that the enrolled bill be approved so that the funds requested by the Department for National Health Service Corps scholarships can be appropriated. A draft signing statement is enclosed.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joseph P. Kamp".

Secretary

Enclosure

DRAFT SIGNING STATEMENT

I am today signing into law S. 3782. This law authorizes the appropriation of \$40,000,000 for National Health Service Corps scholarships. The Administration has requested the appropriation of \$22,500,000, a marked increase over the \$3,000,000 appropriated for fiscal year 1974. I continue to be opposed to appropriations in excess of that request.

The law also authorizes funds for loans to beginning health professions and nursing students. I believe that direct Federal loan programs for students in the health professions and nursing are no longer needed to assure an adequate supply of graduates from these institutions, particularly in light of the Administration's proposal to raise the ceiling on Federally guaranteed student loans. Consequently, I intend to oppose the appropriation of any funds for such loans other than those funds proposed in my budget to allow the Federal Government to meet its commitments to students who were previously assisted by this program.

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 521

Date: August 19, 1974

Time: 9:30 a. m.

FOR ACTION: James Cavanaugh
Fred Buzhardt
Bill Timmons

cc (for information): Warren K. Hendriks
Jerry Jones
Dave Gergen

FROM THE STAFF SECRETARY

DUE: Date: Tuesday, August 20, 1974

Time: 2:00 p. m.

SUBJECT: Enrolled Bill S. 3782 - Extension of Health Professions
Student Loan and Scholarship Programs

ACTION REQUESTED:

- | | |
|---|--|
| <input type="checkbox"/> For Necessary Action | <input checked="" type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply |
| <input type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks |

REMARKS:

Please return to Kathy Tindle - West Wing

ck *JK*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

AUG 16 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 3782 - Extension of Health
Professions Student Loan and Scholarship Programs
Sponsor - Sen. Javits (R) New York and 13 others

Last Day for Action

August 23, 1974 - Friday

Purpose

Amends the Public Health Service Act to extend for one year the appropriations authorizations for the National Health Service Corps Scholarship Program and the health professions and nursing student loan programs.

Agency Recommendations

Office of Management and Budget

Approval (Signing
statement attached)

Department of Health, Education,
and Welfare

Approval (informal)

Discussion

The basic authorizations for the health manpower education programs administered by the Department of Health, Education, and Welfare expired on June 30, 1974. Although congressional committees are in the final stages of marking up legislation to revise and extend these programs, it is unlikely that an omnibus health manpower bill will be available for your consideration until late this Fall.

In recognition of this legislative schedule, S. 3782 would provide a one-year extension of those provisions of the Public Health Service Act relating to (a) loan funds for health professions and nursing schools, and (b) the National Health Service Scholarship Program. The enrolled bill reflects the congressional intent in the FY 1975 Continuing Resolution

(P.L. 93-324) that these existing student aid activities be continued while Congress considers the omnibus legislation. The report of the House Committee on S. 3782 notes that "the proposed legislation is similar to action taken in June and July, 1971, with the enactment of Public Law 92-52 which at that time also provided an emergency one-year extension of loan and scholarship programs, pending the completion of the Health Manpower Act of 1971."

Student Loans. Under the current health manpower law and the Continuing Resolution, HEW can continue to make grants for student loans based upon the number of students who previously received loans. HEW cannot, however, provide funds for loans to new health professions students entering for the coming academic year. The first purpose of S. 3782, therefore, is to authorize grant awards to the schools sufficient to permit making loans to new students. The appropriations authorized by S. 3782 for this purpose in 1975 would be \$95 million, the same amount authorized for 1974. The 1975 budget requests \$48 million for these activities.

New student loans are inconsistent with the Administration's health manpower student assistance proposals which would phase out the traditional categorical health manpower student scholarship and loan activities. The 1975 budget proposed a strategy of substantially expanding the National Health Service Corps Scholarship program which requires scholarship recipients to commit themselves to equivalent periods of service to meet public needs in the health sector. The Administration also proposed to rely upon the general student aid programs administered by the Office of Education in HEW which make assistance available on the basis of the financial need of the student. Passage by the Congress of S. 3782 indicates a rejection of the Administration's position on health professions and nursing student loans.

National Health Service Corps Scholarship Program. S. 3782 would expand the funding authorization for the National Health Service Corps Scholarship Program from \$3 million in 1974 to \$40 million in 1975. While an authorization increase is necessary to implement the 1975 budget request of \$22.5 million for this activity, the \$40 million authorization in S. 3782 substantially exceeds the amount sought by the Administration. The Administration's health manpower proposals requested the authorization of "such sums as may be necessary" as well as certain liberalizing modifications of current law. There is a good chance that the Administration's proposed modifications will be reflected in the general health manpower bill awaiting final congressional action.

Arguments for Approval

1. There is precedent for S. 3782 in the prior enactment, for similar purposes, of Public Law 92-52.

2. Passage of S. 3782 reflects congressional uncertainty--not unwarranted, in view of current conditions in the financial markets--over whether the general student loan mechanisms administered by the Office of Education will be able to respond adequately to the relatively greater financial needs of most health professions students.

3. The increased funding authorized for the National Health Service Corps Scholarship Program is desirable, in view of the Administration's strong commitment to this form of student aid and the apparent widespread interest among health professions students in committing themselves to public service in return for financial aid.

4. S. 3782 passed both Houses by substantial margins (371 to 9 in the House, voice vote in the Senate). A veto would be difficult to sustain.

Arguments for Disapproval

1. S. 3782 would perpetuate a student loan program that is not needed as a mechanism to assure adequate numbers of health professions students, the basic and original purpose of the program. Recent findings by the General Accounting Office reveal that the categorical health manpower student aid programs, including the loan program, have been unsuccessful in achieving their other purposes, i.e., directing Federal funds to financially needy students and improving the geographic distribution of health personnel.

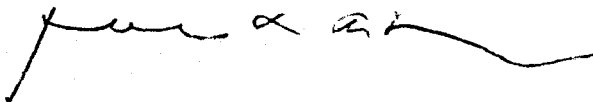
2. Continued existence of the student loan funds--with their liberal repayment provisions and heavily subsidized (3%) interest rates--may attract students that would otherwise participate in the service commitment scholarship program.

3. The uncertain resource requirements for the National Health Service Corps Scholarship Program make it desirable to have a "such sums" appropriation authorization in lieu of the fixed dollar amount contained in S. 3782.

4. A veto indicating your support for the scholarship provisions of S. 3782 would restate your commitment to oppose unnecessary spending--in this case, for student loans that do not address national needs.

Recommendation

The arguments for disapproval are compelling in most respects, but are outweighed in our judgment by those for approval. Especially important is the desirability for expanding the scope of the National Health Corps Service Scholarship Program without further delay, in view of the imminent start of a new academic year. Once such an expanded program is in place, the chances of phasing out the categorical student loan activities may be improved. A draft signing statement is attached for your consideration.

A handwritten signature in black ink, appearing to read "J. A. A.", written in a cursive style.

Director

Enclosures

STATEMENT BY THE PRESIDENT

I have today signed into law S. 3782, a measure that provides a one-year extension of authority to fund certain student assistance activities under the Public Health Service Act. The bill would extend the appropriation authorities for the National Health Service Corps Scholarship program and the health professions and nursing student loan programs.

My decision to approve S. 3782 reflects the importance and desirability of prompt expansion of the National Health Service Corps Scholarship program, as requested in the Administration's 1975 Budget.

Under that program, health professions students who commit themselves to periods of professional service to meet public needs in the health sector may receive scholarship payments to meet their educational costs. I view this worthwhile program as the most promising mechanism to help health professions students in overcoming financial barriers to their education. It also affords an equitable and potentially far-reaching instrument through which the nation can improve the geographic distribution pattern of health manpower and, at the same time, assure the agencies an adequate number of health professionals to meet direct Federal health care responsibilities.

I wish, at the same time, however, to register my reservations with regard to those provisions of S. 3782 which authorize perpetuation of the health manpower direct student loan programs. A recent General Accounting Office report found that the direct loan programs were deficient in terms of the manner in which the funds have been administered by

the schools. The 1975 Budget proposed a phased termination of further Federal contributions to the loan funds, a position I wish at this time to reaffirm. It is my intention to rely on an expanded National Health Service Corps Scholarship program, in place of continued use of the direct loan program.



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Honorable Roy L. Ash
Director, Office of Management
and Budget
Washington, D. C. 20503

AUG 16 1974

Dear Mr. Ash:

This is in response to Mr. Rommel's request of August 12, 1974, for a report on S. 3782, an enrolled bill "To amend the Public Health Service Act to extend through fiscal year 1975 the scholarship program for the National Health Service Corps and the loan program for health professions students."

The enrolled bill would authorize to be appropriated, for fiscal year 1975, \$40,000,000 for National Health Service Corps scholarships, \$60,000,000 for Federal contributions to the loan funds of medical and related schools to be used to assist beginning students in medicine and related fields, and \$35,000,000 for Federal contributions to the loan funds of nursing schools to be used to assist beginning nursing students.

The fiscal year 1974 appropriation for National Health Service Corps scholarships was \$3,000,000. The fiscal year 1975 budget requests \$22,500,000 for that purpose and the Department favors enactment of an authorization sufficient to cover the appropriation we have requested. Although the authorization provided in the enrolled bill exceeds this amount, we support its enactment.

The fiscal year 1975 budget requests no funds for loans to beginning health professions and nursing students, and our health manpower legislative proposals would not extend these loan programs. The proponents of the bill intend the loan funds provisions to serve as an emergency, stopgap measure to enable health professions and nursing schools to provide aid to incoming students this fall, pending the passage of a comprehensive health manpower bill to

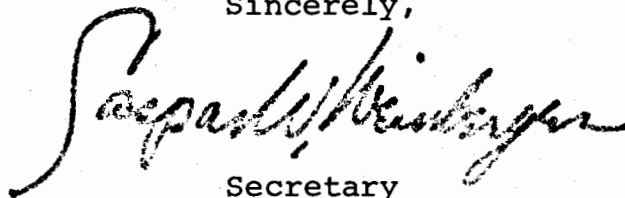
Honorable Roy L. Ash

2

cover future years. However, the Department continues to adhere to its view that direct Federal loan programs for students in health professions and nursing schools are no longer needed to assure an adequate supply of graduates from these institutions, particularly in light of the Administration's proposal to raise the ceiling on Federally guaranteed student loans. If the enrolled bill becomes law, we intend to continue to oppose the appropriation of any funds for loans to beginning students under these programs.

The Department therefore recommends that the enrolled bill be approved so that the funds requested by the Department for National Health Service Corps scholarships can be appropriated. A draft signing statement is enclosed.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joseph P. Kamp".

Secretary

Enclosure

DRAFT SIGNING STATEMENT

I am today signing into law S. 3782. This law authorizes the appropriation of \$40,000,000 for National Health Service Corps scholarships. The Administration has requested the appropriation of \$22,500,000, a marked increase over the \$3,000,000 appropriated for fiscal year 1974. I continue to be opposed to appropriations in excess of that request.

The law also authorizes funds for loans to beginning health professions and nursing students. I believe that direct Federal loan programs for students in the health professions and nursing are no longer needed to assure an adequate supply of graduates from these institutions, particularly in light of the Administration's proposal to raise the ceiling on Federally guaranteed student loans. Consequently, I intend to oppose the appropriation of any funds for such loans other than those funds proposed in my budget to allow the Federal Government to meet its commitments to students who were previously assisted by this program.

ONE-YEAR EXTENSION FOR NATIONAL HEALTH SERVICES SCHOLARSHIP PROGRAMS AND LOANS FOR HEALTH PROFESSIONS STUDENTS

JULY 31, 1974.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. STAGGERS, from the Committee on Interstate and Foreign Commerce, submitted the following

REPORT

[To accompany H.R. 16077]

The Committee on Interstate and Foreign Commerce, to whom was referred the bill (H.R. 16077) to amend the Public Health Service Act to extend through fiscal year 1975 the scholarship program for the National Health Service Corps and the loan program for health professions students, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

SUMMARY OF LEGISLATION

H.R. 16077 provides an emergency one-year extension of the National Health Service Corps scholarship program and loan programs for health professional students. These programs, along with other health manpower authorities, expired June 30, 1974, and are presently being continued under the continuing resolution pending completion of the revisions in progress of all the expired authorities. However, the continuing resolution does not authorize new scholarships and loans for freshmen students entering school in September and for this purpose the one-year authorization is necessary.

BACKGROUND

H.R. 16077 is cosponsored by all Members of the Subcommittee on Public Health and Environment and was reported from both the Subcommittee and Full Committee on Interstate and Foreign Commerce by unanimous voice votes. Similar legislation, S. 3782, passed the Senate on July 23, 1974. Extensive general hearings on health manpower were held on May 20, 21, 22, 23, 28, 29, 30, and June 27, 1974.

COST OF LEGISLATION

H.R. 16077 as reported provides new obligational authority as shown in the following table. Present authorizations and appropriations are included for purpose of comparison.

TABLE I.—NEW OBLIGATIONAL AUTHORITY PROVIDED BY H.R. 16077 FOR FISCAL YEAR 1975

[In millions of dollars]

	Present obligational authority 1974	Appropri- ations for 1974	New obliga- tional author- ity in H.R. 16077 for 1975
National Health Service Corps scholarship, sec. 225.....	3	3	40
Health professional student loans, sec. 742.....	60	36	60
Nursing student loans, sec. 824.....	35	24	35
Total.....	98	63	135

DISCUSSION OF LEGISLATION

The proposed legislation will provide a needed, emergency one-year extension of the National Health Service Corps scholarship program and loan programs for physicians, dentists, osteopaths, nurses, and other health professionals. Existing health manpower legislation expired on June 30, 1974, but is being continued under the terms of the continuing resolution pending their substantive revision by the Committee on Interstate and Foreign Commerce. This substantive revision began with hearings on May 20, 21, 22, 23, 28, 29, 30, and June 27, 1974, has now progressed to markup of new legislation in the Subcommittee on Public Health and Environment, and should be completed by the full committee within the near future.

The proposed legislation is similar to action taken in June and July, 1971, with the enactment of Public Law 92-52 which at that time also provided an emergency one-year extension of loan and scholarship programs, pending the completion of the Health Manpower Act of 1971.

This legislation is needed because, while the continuing resolution allows continuing activity under the existing programs (including the loan and scholarship programs), it does not allow any new loans or scholarships for students not previously assisted under the present program. Thus, under the continuing resolution continued assistance is available to students who had previously received it but no assistance would be available to freshmen entering medical, dental, nursing or other health professional schools this September. A total of 14,500 young men and women will enter medical school for the first time in September. Over half of these students are expected to need assistance in the form of loans or scholarships and normally over half of these loans and scholarships would come from the programs which this bill will extend. Nearly 96,000 nursing students will enter school this year, and 15 to 20 percent would normally be expected to receive special student nursing loans under these programs in addition to whatever other support for which they might qualify. Similar situations exist in each of the other types of health professional schools which receive assistance under the Health Manpower Act. Thus, it

can be seen that without the present extension neither the entering students, nor the schools which they will be attending, can plan on assistance in the coming year. This would create chaos in our professional schools and prevent at least some of the students from attending at all.

The present legislation, when enacted, will not mean that the task of revising all of our health manpower authorities can be put off or deleted. Many of these authorities, including those for the National Health Service Corps, capitation grants to professional schools and assistance to allied health professionals, which have expired and are not extended by this bill. Thus continued activity under these authorities will become impossible upon the expiration of the continuing resolution, or the signing of the 1975 Labor-HEW appropriations bill, unless the Committee soon completes the revision of the remaining health manpower authorities, as it expects to do.

The loans and scholarships in question are not gifts to the students. Each must be repaid after the student has graduated either in cash over several years (in the case of loans) or by serving for several years in parts of the country which have a shortage of doctors, dentists, nurses, or other health professionals (in the case of both loans and scholarships). Service in areas with a shortage of health manpower is generally required on a basis of approximately one year of service for each year of assistance received. Generally, it is anticipated that this service will be performed as a member of the National Health Service Corps but the programs being extended also contain provisions which in specified circumstances allow that the service be performed in the Indian Health Service, the Federal Health Programs Service, or (if the National Health Service Corps does not need additional personnel), in private practice or other health programs in areas which are short of manpower. Since the Committee is very concerned about the need to bring additional health manpower to areas which lack needed people, and since the Committee is very supportive of the National Health Service Corps in general, it has included in this extension some increase in the authorization of appropriations for the National Health Service Corps scholarship program, both over the present authorizations (\$3 million in 1974) and the budget request (\$22.5 million in 1975).

SECTION-BY-SECTION ANALYSIS

Section 1.—Provides that the purpose of the bill is to amend the Public Health Service Act to extend through fiscal year 1975 the scholarship program for the National Health Service Corps and the loan program for health professional students. Amends section 225 (i) of the Public Health Service Act (which authorizes appropriations for the Public Health and National Health Service Corps Scholarship Training Program) to authorize the appropriation of \$40 million for the fiscal year 1975.

Section 2.—Amends section 742(a) of the Public Health Service Act (which authorizes appropriations for loans to health professional students, other than nurses) to authorize the appropriations of \$60 million for the fiscal year 1975, and makes a conforming amendment in section 740(b) (4).

Section 3.—Amends section 824 of the Public Health Service Act (which authorizes appropriations for loans to nursing students) to authorize the appropriation of \$35 million for the fiscal year 1975, and makes a conforming amendment to section 822(b)(4).

AGENCY REPORTS

H.R. 16077 is a clean bill introduced after markup by the Subcommittee on Public Health and Environment. The attached letter from the Acting Secretary of the Department of Health, Education, and Welfare applies to its similar predecessor, H.R. 15995.

THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE,
Washington, D.C., July 24, 1974.

HON. PAUL G. ROGERS,
Chairman, Subcommittee on Public Health and Environment, Committee on Interstate and Foreign Commerce, House of Representatives, Washington, D.C.

DEAR MR. ROGERS: I understand that the Subcommittee ordered reported yesterday H.R. 15995, a bill to extend for one year the health professional and nursing student loan program and to raise the authorization for the National Health Service Corps. The Department opposes extension of the loan programs, but has no objection to raising the NHSC authorization to a level consistent with the President's Budget, which contemplated the appropriation of \$22.5 million for the Corps.

The loan programs are presently operating under a Continuing Resolution, because their statutory authority expired on June 30, and no awards to first-year students are being made. The Administration did not, in H.R. 14930, its health manpower bill, propose to extend these programs. In view of the existing excess of qualified applicants for health professions schools, there no longer exists the need, as was once believed, for a direct Federal loan program to attract such individuals into these careers.

Moreover, we oppose the one-year extensions in H.R. 15995 because the loan programs have not been successful in helping solve the geographic maldistribution problem, which is one of the most serious problems to be addressed by health manpower legislation soon to be considered further by your Subcommittee.

I should also note that we have proposed to the Congress on February 26, 1974, legislation which would make available expanded sources of loan assistance to students pursuing graduate education, including health professions careers. This legislation, H.R. 13059, would expand the ceiling of the existing guaranteed student loan program from \$10,000 to \$25,000 and the annual limit from \$2,500 to \$7,000. In addition, while we intend to phase out our direct loan program over the next three years, these funds and those received by the schools in the form of repaid loans would remain available for the making of new and continuation of student loans.

Sincerely,

FRANK C. CARLUCCI,
Acting Secretary.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman) :

PUBLIC HEALTH SERVICE ACT

* * * * *

TITLE II—ADMINISTRATION

* * * * *

PUBLIC HEALTH AND NATIONAL HEALTH SERVICE CORPS SCHOLARSHIP
TRAINING PROGRAM

SEC. 225. (a) The Secretary shall establish the Public Health and National Health Service Corps Scholarship Training Program (hereinafter in this section referred to as the "Program") to obtain trained physicians, dentists, nurses, and other health-related specialists for the National Health Service Corps and other units of the Service.

(b) To be eligible for acceptance and continued participation in the Program, each applicant must—

(1) be accepted for enrollment, or be enrolled, as a full-time student in an accredited (as determined by the Secretary) educational institution in the United States, or its territories or possessions;

(2) pursue an approved course of study, and maintain an acceptable level of academic standing, leading to a degree in medicine, dentistry, or other health-related specialty, as determined by the Secretary;

(3) be eligible for, or hold, an appointment as a commissioned officer in the Regular or Reserve Corps of the Service or be selected for civilian service in the National Health Service Corps; and

(4) agree in writing to serve, as prescribed by subsection (e) of this section, in the Commissioned Corps of the Service or as a civilian member of the National Health Service Corps.

(c) Each participant in the Program will be authorized a scholarship for each approved academic year of training, not to exceed four years, in an amount prescribed by the Secretary and payable in monthly installments. The scholarship shall not exceed an amount equal to the basic pay and allowances of a commissioned officer on active duty in pay grade O-1 with less than two years of service, plus an amount to cover the reasonable cost of books, supplies, equipment, student medical expenses, and other necessary educational expenses which are not otherwise paid as a part of the basic tuition payment.

(d) The Secretary may contract with an accredited educational institution for the payment of tuition and other education expenses, not otherwise covered under subsection (c) of this section, for persons

participating in the Program. If necessary, persons participating in the Program may be reimbursed for the actual cost of tuition and other educational expenses authorized in this subsection, in lieu of a contract with the educational institution.

(e) A person participating in the Program shall be obligated to serve on active duty as a commissioned officer in the Service or as a civilian member of the National Health Service Corps following completion of academic training, for a period of time prescribed by the Secretary which will not be less than one year of service on active duty for each academic year of training received under the Program. At least one-half of the period of service required by the preceding sentence must be spent providing health care and services (1) in an area designated under section 329(b), (2) as a member of the Indian Health Service or the Federal Health Programs Service and in an area (determined under section 329 or otherwise) to have a health manpower shortage, or (3) in connection with any program, designated by the Secretary, for the provision of health care and services in such an area. For persons receiving a degree from a school of medicine, osteopathy, or dentistry, the commencement of a period of obligated service can be deferred for the period of time required to complete internship and residency training. For persons receiving degrees in other health professions the obligated service period will commence upon completion of their academic training. Periods of internship or residency shall not be creditable in satisfying an active duty service obligation under this subsection unless the internship or residency is served in a facility of the Service or other facility of the National Health Service Corps.

(f) (1) If, for any reason, a person fails to complete an active duty service obligation under this section, he shall be liable for the payment of an amount equal to the cost of tuition and other education expenses, and scholarship payments, paid under this section, plus interest at the maximum legal prevailing rate. Any amount which the United States is entitled to recover under this paragraph shall, within the three-year period beginning on the date the United States becomes entitled to recover such amount, be paid to the United States.

(2) When a person undergoing training in the Program is academically dismissed or voluntarily terminates academic training, he shall be liable for repayment to the Government for an amount equal to the cost of tuition and other educational expenses paid to or for him from Federal funds plus any scholarship payments which he received under the program.

(3) The Secretary shall by regulation provide for the waiver or suspension of any obligation under paragraph (1) or (2) applicable to any individual whenever compliance by such individual is impossible or would involve extreme hardship to such individual and if enforcement of such obligation with respect to any individual would be against equity and good conscience.

(g) Notwithstanding any other provision of law, persons undergoing academic training under the Program shall not be counted against any employment ceiling affecting the Department of Health, Education, and Welfare.

(h) The Secretary shall issue regulations governing the implementation of this section.

(i) To carry out the Program, there is authorized to be appropriated \$3,000,000 for the fiscal year ending June 30, 1974, and \$40,000,000 for the fiscal year ending June 30, 1975.

* * * * *

TITLE VII—HEALTH RESEARCH AND TEACHING FACILITIES AND TRAINING OF PROFESSIONAL HEALTH PERSONNEL

* * * * *

PART C—STUDENT LOANS

SUBPART I—LOANS TO STUDENTS STUDYING IN THE UNITED STATES

LOAN AGREEMENTS

SEC. 740. (a) The Secretary of Health, Education, and Welfare is authorized to enter into an agreement for the establishment and operation of a student loan fund in accordance with this subpart with any public or other nonprofit school of medicine, osteopathy, dentistry, pharmacy, podiatry, optometry, or veterinary medicine which is located in a State and is accredited as provided in section 721 (b) (1) (B).

(b) Each agreement entered into under this section shall—

(1) provide for establishment of a student loan fund by the school;

(2) provide for deposit in the fund, except as provided in section 746, of (A) the Federal capital contributions to the fund, (B) an amount equal to not less than one-ninth of such Federal capital contributions, contributed by such institution, (C) collections of principal and interest on loans made from the fund, (D) collections pursuant to section 741 (j) and (E) any other earnings of the fund;

(3) provide that the fund, except as provided in section 746, shall be used only for loans to students of the school in accordance with the agreement and for costs of collection of such loans and interest thereon;

(4) provide that loans may be made from such funds only to students pursuing a full-time course of study at the school leading to a degree of doctor of medicine, doctor of dentistry or an equivalent degree, doctor of osteopathy, bachelor of science in pharmacy or an equivalent degree, doctor of podiatry or an equivalent degree, doctor of optometry or equivalent degree, or doctor of veterinary medicine or an equivalent degree, and that while the agreement remains in effect no such student who has attended such school before July 1, [1974] 1975, shall receive a loan from a loan fund established under section 204 of the National Defense Education Act of 1958; and

(5) contain such other provisions as are necessary to protect the financial interests of the United States.

* * * * *

AUTHORIZATION OF APPROPRIATIONS

SEC. 742. (a) For the purpose of—

(1) making Federal capital contributions into the loan funds of schools which have established loan funds under this part,

(2) making payments into the fund established by section 744(d), and

(3) making transfers under section 746,

there are authorized to be appropriated \$50,000,000 for the fiscal year ending June 30, 1972, \$55,000,000 for the fiscal year ending June 30, 1973, [and] \$60,000,000 for the fiscal year ending June 30, 1974, and \$60,000,000 for the fiscal year ending June 30, 1975. For the fiscal year ending June 30, 1975, and each of the two succeeding fiscal years there are authorized to be appropriated to the Secretary such sums as may be necessary to enable students who have received a loan under this part for any academic year ending before July 1, 1974, to continue or complete their education.

* * * * *

TITLE VIII—NURSE TRAINING

* * * * *

PART B—ASSISTANCE TO NURSING STUDENTS

* * * * *

LOAN AGREEMENTS

SEC. 822. (a) The Secretary of Health, Education, and Welfare is authorized to enter into an agreement for the establishment and operation of a student loan fund in accordance with this part with any public or nonprofit private school of nursing which is located in a State.

(b) Each agreement entered into under this section shall—

(1) provide for establishment of a student loan fund by the school;

(2) provide for deposit in the fund, except as provided in section 829, of (A) the Federal capital contributions paid under this part to the school by the Secretary, (B) an additional amount from other sources equal to not less than one-ninth of such Federal capital contributions, (C) collections of principal and interest on loans made from the fund, (D) collections pursuant to section 823(f), and (E) any other earnings of the fund;

(3) provide that the fund, except as provided in section 829, shall be used only for loans to students of the school in accordance with the agreement and for costs of collection of such loans and interest thereon;

(4) provide that loans may be made from such fund only to students pursuing a full-time or half-time course of study at the school leading to a baccalaureate or associate degree in nursing

or an equivalent degree or a diploma in nursing, or to a graduate degree in nursing, and that while the agreement remains in effect no such student who has attended such school before July 1, [1974] 1975, shall receive a loan from a loan fund established under section 204 of the National Defense Education Act of 1958; and

(5) contain such other provisions as are necessary to protect the financial interests of the United States.

* * * * *

AUTHORIZATION OF APPROPRIATIONS FOR LOANS

SEC. 824. There are authorized to be appropriated to the Secretary of Health, Education, and Welfare for Federal capital contributions to student loan funds pursuant to section 822(b)(2)(A) \$3,100,000 for the fiscal year ending June 30, 1965, \$8,900,000 for the fiscal year ending June 30, 1966, \$16,800,000 for the fiscal year ending June 30, 1967, \$25,300,000 for the fiscal year ending June 30, 1968, \$30,900,000 for the fiscal year ending June 30, 1969, \$20,000,000 for the fiscal year ending June 30, 1970, \$21,000,000 for the fiscal year ending June 30, 1971, \$25,000,000 for the fiscal year ending June 30, 1972, \$30,000,000 for the fiscal year ending June 30, 1973, [and] \$35,000,000 for the fiscal year ending June 30, 1974, and \$35,000,000 for the fiscal year ending June 30, 1975, and such sums for the fiscal year ending June 30, 1975, and each of the two succeeding fiscal years as may be necessary to enable students who have received a loan for any academic year ending before July 1, 1974, to continue to complete their education. Sums appropriated pursuant to this section for the fiscal year ending June 30, 1967, or any subsequent fiscal year shall be available to the Secretary (1) for payments into the fund established by section 827(d), and (2) in accordance with agreements under this part, for Federal capital contributions to schools with which such agreements have been made, to be used, together with deposits in such funds pursuant to section 822(b)(2)(B), for establishment and maintenance of student loan funds, and (3) for transfers pursuant to section 829.

* * * * *



S. 3782

Ninety-third Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the twenty-first day of January,
one thousand nine hundred and seventy-four*

An Act

To amend the Public Health Service Act to extend through fiscal year 1975 the scholarship program for the National Health Service Corps and the loan program for health professions students.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 225 (i) of the Public Health Service Act is amended by inserting before the period “, and \$40,000,000 for the fiscal year ending June 30, 1975”.

SEC. 2. (a) Section 742(a) of the Public Health Service Act is amended by striking out “and” after “1973,” and by inserting after “1974” the following: “, and \$60,000,000 for the fiscal year ending June 30, 1975”.

(b) Section 740(b)(4) of such Act is amended by striking out “1974” and inserting in lieu thereof “1975”.

SEC. 3. (a) Section 824 of the Public Health Service Act is amended—

(1) by striking out “and” after “1973,”; and

(2) by inserting after “1974,” the first time it appears the following: “and \$35,000,000 for the fiscal year ending June 30, 1975,”.

(b) Section 822(b)(4) of such Act is amended by striking out “1974” and inserting in lieu thereof “1975”.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

August 12, 1974

Dear Mr. Director:

The following bills were received at the White House on August 12th:

S. 3331
S. 3782

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable Roy L. Ash
Director
Office of Management and Budget
Washington, D. C.

