

(BP)---FEATURES
produced by Baptist Press342
April 21, 1967812
College Housing, Academic
Loans Now Get Tax Subsidy

EDITOR'S NOTE: Recent developments in Washington indicate that federal loans to church-related colleges for dormitory and academic facilities involve a tax subsidy. Here is an analysis of the problem by the director of research services of the Baptist Joint Committee on Public Affairs, Washington, D. C.

By Walfred H. Peterson
For The Baptist Press

Colleges may have to pay higher interest rates in the future for new dormitory and academic facility loans from the federal government, if current legislation is passed by Congress.

Sen. John J. Sparkman (D., Ala.) has introduced an administration-supported bill calling for an increased rate for dormitory loans from federal sources. The administration has recommended a similar increase for academic facilities borrowing.

The suggested changes may raise an old debate. Do and should church-related colleges receive a subsidy from government by using these loan programs?

In the light of the following developments, however, the existence of a subsidy from tax revenue seems undeniable.

All parties agree that federal interest rates for dormitories and academic facilities are lower than private rates. But the subsidy debate raises a more complex question. Does the taxpayer help support these programs because the government loses money on them? Here the answer has changed with the years.

Under the original 1950 College Housing Loan program and the 1963 Higher Education Facilities Act, the interest rate formula was flexible. It included two elements: (1) a rate which represented the average cost of money borrowed by the federal government by floating bonds, and (2) a one-fourth of one per cent charge for administrative expense.

The former element ranged over the first 15 years of the dormitory program from 2½ per cent to 3½ per cent. After 1955 the trend was upward. As a result, by 1965 loans under the two programs required a 3 3/4 per cent and 3 7/8 per cent rate respectively.

Then Congress in two separate acts (the Housing and Urban Development Act of 1965 and the Higher Education Act of 1965) reduced the loan rates of both programs to a maximum of three per cent. This action took place as interest rates on federal bonds continued to climb strongly past four per cent.

Up to 1965 some church-related colleges took the federal loans believing that they were not receiving a subsidy from taxes. There was argument about whether the cost of bonds to the federal government should include only long-term bonds or all bonds. Treasury officials argued that at the figure achieved by averaging the rates of interest on all federal loans, the college dormitory program was paying its way.

For the College Housing Loan program this view was apparently correct. Figures for 1965 indicated that the account showed an overall surplus of around \$6 million. The newer program of academic facilities construction was then still too new to indicate a meaningful balance.

When the rate was dropped to three per cent by the 1965 act, a new situation existed. In the dormitory program the total amount already loaned was then approaching \$2.9 billion. Since there was no instance of default and since administrative costs year by year had not grown proportionately to the total loaned, this program was showing surpluses.

These surpluses could be used for a time to offset the difference between the interest rate the government paid when it borrowed money and the three per cent it received when it loaned it out again. This made it possible to argue with some effect that the government was not subsidizing the colleges directly at the taxpayer's expense.

But with continued increases in interest rates on government bonds and with changes in the revolving funds, the situation has changed. Presently, the housing program must get some support from tax revenues, according to government spokesmen.

Since there was no massive backlog of profitable loans to bolster the academic facilities program when the rate was lowered to three per cent, support from tax revenue was required right along for loans made under it.

Now the administration's proposal, if passed, will set a new interest formula effective for dormitory and academic facility loans reserved after June 30, 1967.

The rate would be tied to the rate of current average market yield on comparable U.S. obligations. In layman's language that would mean the rate of interest on long-term government bonds. Currently, this rate is $4 \frac{5}{8}$ per cent.

But "as determined by the secretary of Housing and Urban Development" the rate paid by colleges for dormitory loans could be reduced up to one per cent. This would mean that after June, the rate by current figures could be from $3 \frac{5}{8}$ to $4 \frac{5}{8}$ per cent depending on the secretary's decision.

Thus, the degree of subsidization would be decreased compared to the present, but it would not necessarily be eliminated by the new proposal. This is especially clear when it is recalled that the old one-fourth of one per cent charge for administrative expense has not been included in the proposed formula.

Spokesmen at the Department of Housing and Urban Development refuse to speculate on the bill's chances. Some opposition exists, because a related House bill did not call for any rate change.



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Ross Edwards Elected
New Missouri Editor

JEFFERSON CITY, Mo. (BP)--The Executive Board of the Missouri Baptist Convention here elected W. Ross Edwards, pastor of the Swope Park Baptist Church in Kansas City, Mo., as the new editor of The Word and Way, official convention weekly newsmagazine.

Edwards will succeed H. H. McGinty, whose resignation and retirement will be effective Nov. 1, 1967, the date of his 20th anniversary as editor of the Baptist state paper.

The Kansas City pastor will begin his association with the paper on July 1, working with the retiring editor for four months before assuming full responsibility as editor.

The Word and Way has a circulation of about 65,000, serving the 1,850 churches and 496,000 Baptists affiliated with the convention.

The retiring editor, McGinty, became editor when The Word and Way was only two years old. McGinty has the second longest tenure, 20 years, among the 29 current editors of... state Baptist papers. He will be 72 this year, the mandatory retirement age for the Missouri editorship.

A native of Star City, Ark., Edwards has been pastor of the 1,700-member Swope Park Baptist Church in Kansas City for 20 years. Previously, he was pastor of the First Baptist Church of Warrensburg, Mo.

Before coming to Missouri in 1943, Edwards was pastor of First Baptist Church of Marianna, Ark. He was also pastor of Baptist churches in Arkadelphia, Thornton, and Malvern, Ark.

For two years, Edwards taught pastoral administration at Central Baptist Theological Seminary, Kansas City, Kan., where he earned the doctor of theology degree. He is also a graduate of Ouachita Baptist University, Arkadelphia, Ark., and Southern Baptist Theological Seminary, Louisville.

He is the author of two books, The Message of the Cross, and The Pastor's Five-Year Record Book.

Edwards is a former president of the Missouri Baptist Convention, and former president of the Missouri Baptist Ministers' Conference.

Currently, he is a member of the Southern Baptist Convention's Christian Life Commission, and chairman of the executive committee of the Midwestern Baptist Theological Seminary, Kansas City, Mo.

He also has been secretary-treasurer of the Southern Baptist Pastors' Conference, a member of the board of the Southern Baptist Foundation, and secretary of the Midwestern Seminary board of trustees.

He and Mrs. Edwards, a native of Warren, Ark., have two children and three grandchildren.

Photos to be mailed to state Baptist paper editors

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Baptist School in Top 100
Receiving Federal Support

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WASHINGTON (BP)--Baylor University, a Baptist institution in Waco, Tex., is one of 100 colleges and universities receiving the largest amounts of federal support in 1965.

A chart showing rank and percentages for 1965 was submitted to the U.S. Senate by Sen. James B. Pearson (R., Kan.).

Baylor is ranked 66th on the list, receiving .4 per cent of the total amount spent by the government for higher education in 1965. According to the chart, Baylor received \$9,770,000 in 1965.

Federal obligation for the support of academic science and other educational activities in institutions of higher learning totaled \$2.3 billion in 1965.

Pearson urged the Senate to pass a resolution calling for "a more equitable geographical distribution of federal grants and contracts, particularly those involving research and development and related activities.

"One of the most serious imbalances concerns the allocation of federal research and development funds to our institutions of higher learning," Pearson told the Senate.

In 1965, he pointed out, "forty per cent of federal support money to colleges and universities was concentrated in only 25 institutions."

During 1965, of the 2,237 universities and colleges in the U.S., only 1,458 received any federal funds. Of these, the first 100 ranked in order of magnitude of federal aid accounted for 77 per cent of the total \$2.3 billion.

Four other church-related schools are in the top 100. They are: Loyola University (Ill.) and Georgetown University (D.C.), both Roman Catholic; Emory University (Ga.) and the University of Denver (Colo.), both Methodist.

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Anti-Flag Burning Bills
Introduced In Congress

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WASHINGTON (BP)--A number of bills to prohibit desecration of the United States flag have been introduced in Congress. Hearings by a House judiciary subcommittee are scheduled to begin May 8.

Most of the anti-flag burning bills would make it a federal criminal offense "to publicly mutilate, deface, defile, defy, trample upon or cast contempt either by word or act, upon any flag, standard, colors, or ensign of the United States."

Several states have laws to this effect, but there is no federal statute.

Some Congressmen are calling for punishment by imprisonment of not more than one year and a fine of not more than \$1,000.

Rep. L. Mendel Rivers (D., S. C.) has introduced a bill that would permit fines up to \$10,000 or imprisonment not to exceed five years, or both, for desecration of the flag.

Senators Everett M. Dirksen (R., Ill.) and Ernest F. Hollings (D., S. C.) have introduced similar bills in the Senate. The Senate Judiciary Committee has not announced plans for hearings on the bills.

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Illinois Board Elects
Four New Staff Members

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CARBONDALE, Ill. (BP)--The Illinois Baptist State Association board of directors meeting here elected four new staff members, honored its interim executive secretary, and authorized a professional study of the convention's organization and salary structure.

Two Missourians, a Texan, and an Illinoisan were elected to staff positions with the Illinois convention.

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Elected secretary of the convention's music department was Rod Latta, minister of music for First Baptist Church, Ferguson, Mo., and former music director for Baptist churches in McAllen, Stanford, and Burleson, Tex.; and Oklahoma City and Shawnee, Okla.

Another Missourian, Bob Blattner of St. Louis, was named Baptist Student Union secretary for the Carbondale campus of Southern Illinois University. Blattner, a native of St. Louis, is currently responsible for Baptist student work on 12 campuses in St. Louis.

The Texas, Miss Evelyn L. Tully, was elected Girls' Auxiliary director for the Illinois convention. She currently is teaching school in Port Neches, Tex., and is a former Girls' Auxiliary director for Buckner Baptist Childrens' Homes in Dallas.

James E. Norman, pastor of Glenfield Baptist Church in Glen Ellyn, Ill., was named superintendent of missions for the south zone of the Chicago Southern Baptist Association. Norman is the first superintendent of missions named for one of three pie-shaped zones within the metropolitan Chicago area. He will work with Preston Denton, general superintendent of the entire Chicago Association.

Norman, Latta, and Miss Tully each are graduates of Southwestern Baptist Theological Seminary, Fort Worth.

The board paid tribute to Harrison C. Croslin, who for 15 months was interim executive secretary of the convention prior to the election of James H. Smith of Ferguson, Mo., as executive secretary in January. The board adopted a resolution expressing appreciation for Croslin's work, and voted to send him on a trip to the Holy Land.

In another major business action, the board authorized a professional study of the organizational structure and salary scales for all departments of the convention, voted to shorten the name of its stewardship and promotion department to simply "stewardship department," and changed the title of Miss Russell Drinner from youth director to YWA-Sunbeam Band director, since the board had earlier elected a new Girls' Auxiliary director.

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CUTLINES

BAPTIST PRESS PHOTO

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NEW MISSOURI EDITOR: Ross Edwards, pastor for 20 years of the Swope Park Baptist Church, Kansas City, Mo., is the newly-elected editor of The Word and Way, official publication of the Missouri Baptist Convention. He will assume the post July 1, working with retiring editor H. H. McGinty who will continue to serve until his 20th anniversary on Nov. 1. (BP PHOTO)

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CUTLINES

BAPTIST PRESS PHOTO

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MISSOURI EDITOR RETIRES: H. H. McGinty, editor for 19½ years of The Word and Way, official Missouri Baptist Convention publication, has formally announced his plans to retire on Nov. 1, his 20th anniversary as editor. Newly-elected editor who will succeed McGinty is Ross Edwards, pastor of Swope Park Baptist Church, Kansas City, Mo. (BP PHOTO)

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Editors: Two cutlines are provided for the enclosed photos. On the back of each is a cutline for that one picture. Below is one cutline for both photos, in case you want to use them side-by-side. Note that Edwards photo should be on the left.

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--Baptist Press

CUTLINES

BAPTIST PRESS PHOTO

NEW, RETIRING EDITORS IN MISSOURI: Ross Edwards (left), pastor of the Swope Park Baptist Church of Kansas City, Mo., for 20 years, is the newly-elected editor of The Word and Way, official publication of the Missouri Baptist Convention. He will succeed H. H. McGinty (right), editor for 19½ years, who will be retiring Nov. 1 on his 20th anniversary. Edwards joined the publication on July 1 to work with the retiring editor. (BP PHOTOS)