when a bank runs a loan program and knows how to determine the credit risk, but does not know the academic potentialities of the poor student. I look only at the institution having that knowledge.

Mr. MOULTON. Perhaps you misunderstand me here. I am not finding any fault with the National Defense Education Act. I think under all costs it should be maintained. I think once all 50 States have the guaranteed loan program in operation that there could be some overlap and that in the National Defense loan there may be a large appropriation one year and a considerably smaller one the next, depending on the need that is being felt by the students who are attending colleges from one State to another.

It may be an excellent buffer program when economic conditions get tight. For example, they will be able to loosen up a little bit on the NDEA program. But to phase it out now would be a disaster, I think.

Mr. HATHAWAY. You don't know what percentage of students have been denied guaranteed loans?

Mr. MOULTON. I have no idea.

Mr. HATHAWAY. Are any students getting both NDEA and guaranteed?

Mr. MOULTON. That is an interesting question. I can't answer it specifically. It would be possible if the student were granted a National Defense educational loan for a thousand dollars and then borrowed a thousand dollars under the guaranteed loan program; there is nothing illegal about it so far as I know.

Mr. HATHAWAY. Would you first refer somebody to a bank and ask, "See if you can get a guaranted loan and if you can't, come back and we will talk about NDEA"?

Mr. MOULTON. I don't know what procedure Mr. Wilder would follow in this case. There is some honest indecision amongst financial aid officers as to what they would recommend if this situation cropped up.

If a student received a National Defense Education Act loan and accepted it and then turned around and went to the bank and sought another thousand dollars under the guaranteed loan program, what kind of recommendation could we make to the bank in this case? Would we recommend that the student be granted the loan or not? The right of paying for the education any way he would like to pay for it is still his. But at the same time, is the budget unreasonable? Should we withdraw the NDEA money? Should we in turn cut his grant? How should we package it in a situation like this? These are questions up in the air.

I think we have not had much experience with these two programs yet, working in conjunction.

Mr. HATHAWAY. How about the administrative costs?

Mr. MOULTON. Our administrative costs do exceed the Government subsidy.

Mr. HATHAWAY. About how much?

Mr. MOULTON. I don't know. I would have to ask the business office on this. There has been no problem administering the program. We are grateful for the money.

Mr. HATHAWAY. Any problem with late funding?